ALBERTA HERITAGE SAVINGS TRUST FUND

1991 • 92 ANNUAL REPORT

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The Heritage Fund was established in 1976 with three objectives:

1. to save for the future;
2. to strengthen and diversify the economy of Alberta; and
3. to improve the quality of life for Albertans.

Treasury

The Honourable Dick Johnston
Provincial Treasurer

A.J. McPherson
Deputy Provincial Treasurer
Finance and Revenue

Additional copies of this annual report and copies of the future quarterly reports on the Alberta Heritage Trust Fund may be obtained by writing:

Heritage Trust Fund
302 Terrace Building
Edmonton, Alberta
T5K 2C3

or by telephoning (403) 427-9957

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Heritage Fund Highlights

- The Heritage Fund's net income of $1.38 billion was transferred to the province's budgetary revenues to support important government programs including agriculture, economic development, health, housing and education. Since 1982, $13.6 billion has been transferred from the Heritage Fund to budgetary revenues.

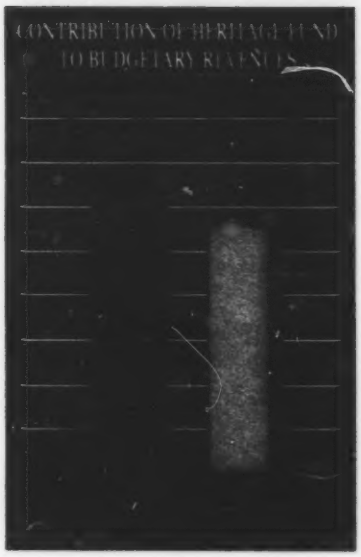
- In December 1991, the sale of 59.4 million TELUS Corporation shares was completed resulting in the Heritage Fund receiving principal proceeds of $668 million. Over 94,000 Albertans bought shares in what was the second largest public share offering in Canadian history.

- During 1991-92, the Heritage Fund realized $343 million in capital gains from the sale of TELUS Corporation common shares and Alberta Municipal Financing Corporation debentures. The capital gain was included in the Heritage Fund income that was transferred to the General Revenue Fund to support ongoing government programs.

- In keeping with its mandate, Alberta Mortgage and Housing Corporation (AMHC), through its subsidiary, Mortgage Properties Inc. continued to sell real estate assets and mortgages that were not required for social housing needs. Since April 1, 1990, assets of about $1.1 billion have been disposed of and the proceeds used to repay at full face value AMHC debentures held by the Heritage Fund.

- During 1991-92, the Heritage Fund invested $67 million in the Alberta Pacific Pulp Mill project, $170 million in the Lloydminster Bi-provincial Upgrader and $150 million in TransCanada PipeLines Limited convertible debentures. These investments help strengthen and diversify the economy of Alberta.

- Heritage Fund financing continues to support the important programs of the Alberta Agricultural Development Corporation, Alberta Mortgage and Housing Corporation and Alberta Opportunity Company.



- The Heritage Fund holds nearly $4.9 billion in its Cash and Marketable Securities portfolio providing liquidity and flexibility to the Fund and to the province.

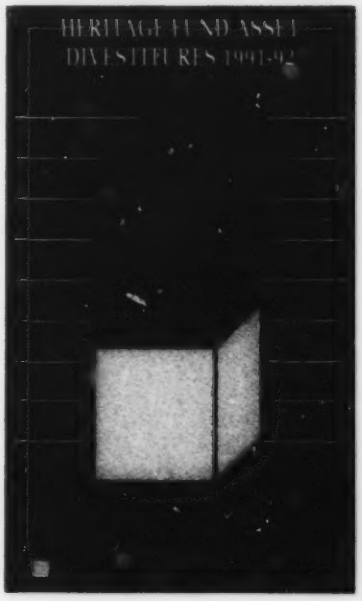
In 1991-92, the Heritage Fund provided almost $1.38 billion of income to help finance the high quality of services and programs that Albertans continue to enjoy in areas such as health and education. The contribution to budgetary revenues by the Heritage Fund enables Albertans to enjoy the lowest overall taxes in Canada. For example, the income support from the Heritage Fund in 1991 was equivalent to the revenue that would be generated by about a five per cent sales tax.

Over the last two years the Heritage Fund has divested some of its investments that can be more effectively managed by the private sector and has made major new investments in projects that diversify the economy and help increase provincial exports. As a result of the divestitures, the Cash and Marketable Securities portfolio of the Heritage Fund has grown, providing the Heritage Fund and the province with a high degree of liquidity and flexibility in meeting financial needs. The Heritage Fund also continues to finance provincial Crown corporations delivering important programs throughout Alberta. During 1991-92, $610 million in new investments were made in the Alberta Investment Division and $84 million in the Capital Projects Division.

In December 1991, the privatization of TELUS Corporation (formerly The Alberta Government Telephones Commission) was completed with the sale of 59.4 million shares held by the Alberta Investment Division. Through a very successful public offering, 58 million TELUS Corporation common shares were sold to the public through an instalment receipt program. Over 82 per cent of these shares were sold to Albertans and Alberta institutions. This public offering was the second largest in Canadian history, second only to the initial public offering of TELUS Corporation shares in October 1990. The remaining 1.4 million shares held by the Alberta Investment Division were sold to other government funds. The sale of TELUS Corporation common shares resulted in a $190 million capital gain after issue expenses, which was included in the income transferred to budgetary revenues.

In another major initiative, in March 1992, the Heritage Fund sold $570 million (at par) of Alberta Municipal Financing Corporation (AMFC) debentures, realizing a capital gain of $153 million. The book value of these debentures was reinvested by the Heritage Fund under the Cash and Marketable Securities portfolio, while the gain was transferred to budgetary revenues.

As a result of a comprehensive review of Alberta Mortgage and Housing Corporation's (AMHC) mandate in 1989-90, a decision was made that AMHC would focus on meeting the needs of Albertans for social housing and would divest assets no longer serving this purpose. The Department of Municipal Affairs delivers the Corporation's social housing programs and Mortgage Properties Inc. (MPI), a subsidiary of AMHC, is



disposing of assets not required for social housing. During 1991-92, as a result of such disposals, AMHC prepaid $342 million of its debentures that had been issued to the Heritage Fund. The Heritage Fund provided $87 million in new financing to AMHC to finance social housing program commitments and to refinance a portion of principal payments on previously issued debentures.

The Alberta Agricultural Development Corporation (AADC) provides loans, loan guarantees and financial counselling to assist in the establishment and expansion of farm businesses, food processing, agribusiness and the farm service sector in Alberta. In addition, during 1991-92, AADC continued to administer three disaster assistance loan programs. During 1991-92, the Heritage Fund provided $100 million in financing to AADC.

The Alberta Opportunity Company (AOC) assists in the growth and diversification of Alberta's economy by providing loans, loan guarantees, venture and seed capital financing to small Alberta businesses and entrepreneurs. AOC continues to emphasize services to rural Alberta. During 1991-92, the Heritage Fund provided $23 million in financing to the Company.

Heritage Fund investments in provincial Crown corporations provide these corporations with the means to continue delivering their valuable programs, benefiting Albertans throughout the province. The Heritage Fund receives market interest rates on its investments, and both interest and principal payments are always received in full and on time.

PROVINCIAL TREASURER'S REPORT

The changing character of the Heritage Fund is reflected in the growth of the Cash and Marketable Securities portfolio. Funds not required for immediate investment are invested in the Cash and Marketable Securities portfolio of the Heritage Fund. Investments are made in high quality, liquid, short and medium term debt securities and deposit instruments. During 1991-92, assets in this portfolio increased by almost $1 billion, to nearly $4.9 billion, to constitute 40 per cent of Heritage Fund financial assets, mainly due to the privatization initiatives identified earlier.

Over the last few years this portfolio has gained an increasingly important role in the province's financial strategy by providing interim financing for General Revenue Fund, Farm Credit Stability Program and Small Business Term Assistance Program cash requirements. At March 31, 1992, $1,013 million of the portfolio's assets were invested in such debt securities. The Heritage Fund earns market yields by lending to the province, while the province gains increased flexibility to time market financing when conditions are favourable. An additional $210 million was invested in provincial direct and guaranteed securities as part of the portfolio's overall investment strategy.

Under the Alberta Investment Division, the Heritage Fund continues to invest in projects important to Alberta's economic future. The Alberta Pacific Forest Industries (Alpac) pulp mill is one such project. Alpac is constructing a mill with a capacity to produce an average of 1 500 tonnes per day of hardwood pulp or 1 250 tonnes of softwood pulp. The mill is scheduled to be completed in 1995 at a total cost of $1.3 billion. During 1991-92, the Heritage Fund provided $67 million of the Fund's total commitment of $275 million. The pulp mill will create over 1,000 direct permanent jobs and an estimated 2,250 person-years of construction employment.

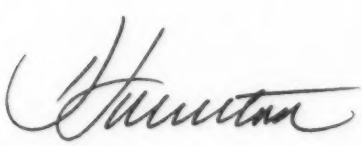
In December 1991, the Heritage Fund invested $150 million in 10-year convertible subordinated debentures of TransCanada PipeLines Limited (TCPL). TCPL is a Canadian corporation primarily involved in the transportation and marketing of natural gas. This financing assisted the corporation's expansion of its mainline gas transmission system to meet increased domestic demand and export opportunities.

During 1991-92, a further $170 million was invested in the Lloydminster Bi-provincial Upgrader. This project, which is almost completed, will permit the upgrading of a higher portion of heavy crude oil within Canada and will create spin-off benefits to the industry and to the region for many years to come.

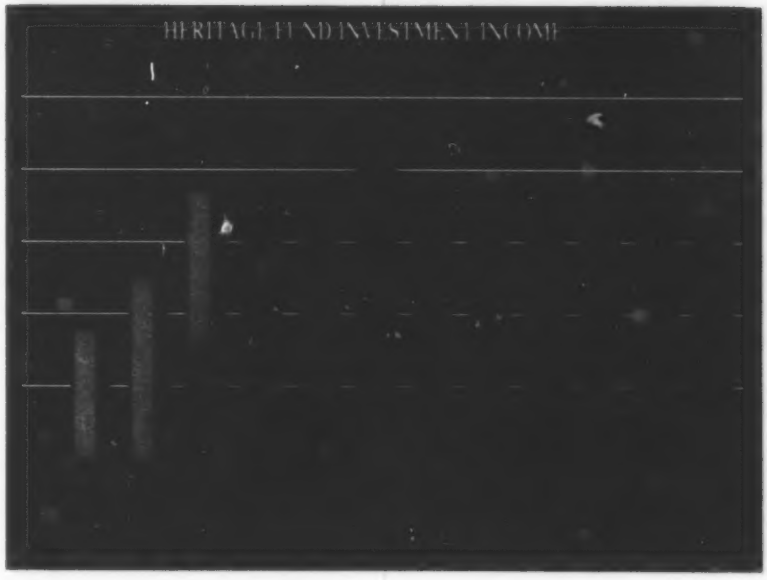
Provincial Treasurer's Report

Capital Projects Division spending on deemed assets during 1991-92 totalled $84 million, two-thirds of which was dedicated to irrigation and water management projects. While these expenditures reduce the financial assets of the Heritage Fund, they provide important benefits to Albertans by helping to diversify the economy and improving the quality of life in Alberta. Consistent with legislation, the financial statements provide a separate presentation of the Fund's financial and deemed assets.

During the sixteen years that the Heritage Fund has been in existence, it has touched the lives of all Albertans in various ways. Through its financial and capital investments and through investments in skills and technologies, the Fund has demonstrated a unique and integrated approach to the development of Alberta's economy and society. In the years ahead, the Heritage Fund will continue for the benefit of all Albertans.



Dick Johnston
Provincial Treasurer



How The Heritage Fund Works

The Heritage Fund and the Province's Fiscal Strategy

The Alberta Heritage Savings Trust Fund was created in 1976. The government recognized that the rapidly increasing revenues received by the province at that time from the sale of non-renewable resources would not continue indefinitely. The Heritage Fund has had three basic objectives since its inception sixteen years ago:

1. to save for the future,
2. to strengthen and diversify Alberta's economy, and
3. to improve the quality of life in Alberta.

The Early Years

In the early years of the Fund's existence, Alberta's economy grew rapidly as a result of higher prices for the province's oil and gas resources. The oil boom of that period provided the government with considerable flexibility in the management of the province's finances. While keeping taxes low and providing the highest quality services to Albertans, the government was also able to allow the Heritage Fund to grow quickly through the transfer of 30 per cent of resource revenues received by the province. The Fund also retained the earnings on its investments, and had accumulated financial assets of nearly $10 billion by March 31, 1982.

Responding to Fiscal Realities

In 1982 an economic slowdown resulted in a budgetary deficit. Effective September 1982, an amendment to the Alberta Heritage Savings Trust Fund Act permitted the transfer of investment earnings from the Fund to the province's budgetary revenues. Including 1991-92 income, about $13.6 billion has been transferred to the province's budgetary revenues since September 1982.

Starting in 1983-84, the percentage of non-renewable resource revenue transferred to the Heritage Fund was reduced from 30 per cent to 15 per cent. Since April 1987, no non-renewable resource revenue has been transferred to the Heritage Fund. As a result of these two policy changes, the Heritage Fund is no longer growing. However investment income transferred from the Heritage Fund continues to help reduce the budgetary deficit and contributes to the provision of necessary programs and services.

The Heritage Fund, Provincial Crown Corporations and Other Government Funds

At March 31, 1992, the Heritage Fund had investments totalling nearly $3.2 billion in debentures of four provincial Crown corporations: Alberta Agricultural Development Corporation, Alberta Mortgage and Housing Corporation, Alberta Municipal Financing Corporation, and Alberta Opportunity Company. All the investments were made at market rates of interest with original terms ranging from five to 30 years. Like other income of the Heritage Fund the interest income from these debentures is transferred to the General Revenue Fund for budgetary purposes.

How The Heritage Fund Works

The Alberta Municipal Financing Corporation is fully self-sufficient, but because of the nature of their programs, Alberta Agricultural Development Corporation, Alberta Mortgage and Housing Corporation, and Alberta Opportunity Company each receive grants from the General Revenue Fund. Grants of $104 million, $155 million, and $16 million respectively in 1991-92 enabled these three corporations to deliver their programs at less than full cost thereby helping thousands of Alberta farmers and small businesses, and meeting the housing needs of many low-income families, seniors, disabled persons and other people with special needs.

Requiring the corporations to borrow at market interest rates and providing grants from the General Revenue Fund to the corporations, where necessary, makes the costs of these programs explicit and ensures that the Legislative Assembly has the opportunity to vote on these expenditures as it does on expenditures for other programs. Also, consistent with the Heritage Fund's role as an investment fund, the relevant department, and not the Heritage Fund, is charged the cost of any subsidies involved in the corporations' programs.

At March 31, 1992, as part of the province's asset and liability management program, the Heritage Fund had investments totalling $1,013 million in securities of three other Province of Alberta funds, the General Revenue Fund, the Farm Credit Stability Fund and the Small Business Term Assistance Fund. The Heritage Fund invests in short-term securities of the province's General Revenue Fund to interim finance a portion of the budgetary deficit. When capital markets are favourable, the province issues longer term debt and the General Revenue Fund repays the Heritage Fund the full amount borrowed. All investments by the Heritage Fund in these regulated funds and in provincial corporation investments, are made at market rates with pricing information provided by independent third parties. This policy ensures that the Heritage Fund earns market rates consistent with investments based on Alberta's credit rating. At March 31, 1992, the Heritage Fund had an additional $210 million invested in Alberta's direct and guaranteed debt obligations as part of the Heritage Fund's market investment program.

Under Alberta's financial structure the accounting for regulated funds reflects the fact that these funds are separate, legal entities. Debts owing to the Heritage Fund are recorded as assets of the Heritage Fund and as debt of the other regulated funds, even though these entities are "related" as Province of Alberta funds. This treatment is consistent with generally accepted accounting principles. This policy ensures that the Heritage Fund's value does not change when the mix between internal assets and market assets is varied.

In order to provide complete information on the finances of the province as a whole, the Public Accounts of Alberta include a consolidation of the province's regulated funds and provincial agencies. The consolidation, done in accordance with generally accepted accounting principles, eliminates all intra-governmental transactions to illustrate what the province owes to third parties (non-government) and what claims the province has on non-government parties.

Who Makes the Decisions?

The responsibility for the administration of the Alberta Heritage Savings Trust Fund rests with the elected representatives of the people of Alberta and their respective staffs. The chart on page 8 shows the division of the key responsibilities relating to the Heritage Fund.

Investment proposals under the Alberta, Energy and Capital Projects Divisions are typically recommended by the appropriate government department through the responsible minister.

Investment and Review Process

Provincial Legislature

- Establishes overall legislative framework for the Fund and its operations.
- Approves the Special Appropriation Act to transfer resource revenue to the Heritage Fund.
- Votes on the amounts to be invested under the Capital Projects Division.
- Approves maximum investment in each provincial Crown corporation under the Alberta Investment Division.
- Votes on operating grants from the General Revenue Fund to Alberta Mortgage and Housing Corporation, Alberta Agricultural Development Corporation and Alberta Opportunity Company.

Investment Committee (Cabinet)

- Approves all investments under the Alberta, Canada and Energy Investment Divisions upon the recommendation of the Provincial Treasurer.
- Has delegated authority to the Provincial Treasurer to make investments under the Commercial Investment Division within guidelines it has approved.

Provincial Treasurer

- Responsible for day to day investments under the Commercial Investment Division and Cash and Marketable Securities portfolio.
- Responsible for overall administration of the Heritage Fund.

Other Ministers

- Responsible for the submission of budgets and the administration of projects funded through the Capital Projects Division, the administration of provincial Crown corporations financed under the Alberta Investment Division and of certain other investments.

Select Standing Committee on the Alberta Heritage Savings Trust Fund Act

- Composed of members of the Legislative Assembly from all parties.
- Reviews Annual Report and makes recommendations with respect to existing and potential investments.

Auditor General

- Audits the financial statements of the Heritage Fund.

The Heritage Fund's Investment Divisions

The Heritage Fund consists of five investment divisions and a portfolio of cash and marketable securities. The following chart describes the different types of investments permitted for each division or portfolio.

Division:	What the Investments Must Do:	Investments Permitted:
Alberta Investment Division	Strengthen or diversify the economy of Alberta. Yield a reasonable return or profit.	Debt or equity. No limitation on the size of the Division. Current investments include debentures of provincial Crown corporations, corporate securities, project investments and equity holdings.
Canada Investment Division	Yield a reasonable return or profit.	Loans to other provincial governments or their agencies. The Division is limited to 20 per cent of the Fund's assets including deemed assets.* Lending activity was suspended in March 1982.
Commercial Investment Division	Yield a commercial return or profit.	A wide range of securities is permitted. Current investments are primarily common shares. Guidelines limit investment in common shares of any one Canadian corporation to no more than five per cent of the shares outstanding. Investments are managed on a near-index basis. Since 1984-85, the Investment Committee has allowed its original $200 million limit on the Division to increase quarterly by an amount equivalent to the net investment income earned by the Division.
Energy Investment Division	Facilitate the development, processing or transportation of energy resources within Canada. Yield a reasonable return or profit.	Debt or equity. No limitation on the size of the Division.
Capital Projects Division	Provide long-term economic or social benefits to the people of Alberta. Projects may not necessarily by their nature yield a return.	Investments include capital projects, agricultural and oil sands research, and endowment funds for medical research and scholarships. In July 1988, the Legislature approved an increase in the limit on this Division from 20 per cent to 25 per cent of the Fund's assets including deemed assets.*
Cash and Marketable Securities Portfolio	Invest funds not immediately required for other divisions. Yield a market return.	Short-term and medium-term money market securities, marketable bonds, deposits and mortgage-backed securities.

** Non-recoverable investments under the Capital Projects Division are classified as deemed assets of the Heritage Fund and are not included in its financial assets.*

Financial Assets

Financial Assets

Alberta Investment Division

The Alberta Investment Division is composed of investments which will yield a reasonable return or profit to the Heritage Fund and will tend to strengthen or diversify the economy of Alberta. Investments are made in provincial Crown corporations, general corporate securities and in project investments.

During 1991-92, the rate of return on a cost basis on the Alberta Investment Division's assets was 18.6 per cent compared with 10.9 per cent for the previous year. This higher return resulted largely from the capital gains associated with the sale of TELUS shares and Alberta Municipal Financing Corporation debentures.

Provincial Crown Corporations

Alberta Opportunity Company

Alberta Opportunity Company (AOC) provides loans and guarantees, equity investments, financial guidance and management assistance to small Alberta businesses. The Company provides alternative financing to Alberta businesses which are unable to obtain funding on reasonable terms and conditions elsewhere. Under the Company's Venture and Seed Funding programs equity investments are made in developing businesses to promote the diversification of Alberta's economy in the tourism, manufacturing, high technology, and other sectors. These investments are financed by repayable advances from the General Revenue Fund. AOC also provides educational assistance for existing and future entrepreneurs through its conference programs.

In 1991-92, the Company made 313 loans totalling $26.9 million, as well as 11 investments totalling $2.1 million under the Venture and Seed Funding programs. In addition, during this period nine guarantee commitments were made for $0.4 million.

Investment
in 1991-92: $23 million
at March 31, 1992: $142 million

Alberta Agricultural Development Corporation

The Corporation offers loans, loan guarantees and financial counselling to farmers and agribusinesses to ensure that financial services are available to promote a competitive agriculture and food industry in Alberta. Programs and services are designed to help farm businesses develop as profitable, self-supporting enterprises; to promote value-added processing, the farm service sector and other diversification opportunities; and to improve the long-term health of the Alberta agricultural sector. Many programs include such features as fixed interest rates for as long as 20 years and interest assistance for eligible beginning farmers. In April 1988, the Corporation introduced the Indexed Deferral Plan to

Financial Assets

enhance borrowers' cash flow in years when commodity prices are below the 10-year average, by allowing an interest-free deferral on a portion of normal loan payments.

Since 1990, the Corporation, together with Alberta Agriculture and Alberta Hail and Crop Insurance Corporation, has been administering the Northwestern Alberta Disaster program, the Western Alberta Disaster program and the Southeastern Alberta Disaster program. The Northwestern and Western programs assist farmers recovering from losses due to the extremely heavy rains in the fall of 1989 and the spring of 1990. The Southeastern program assists a number of farmers who suffered drought related losses over a period of years. The Corporation provided 863 loans totalling $63 million under the disaster assistance loan programs. In addition, 3,345 farmers under the Southeastern Alberta Disaster program have opted to receive interest benefits on existing qualified loans of $290 million.

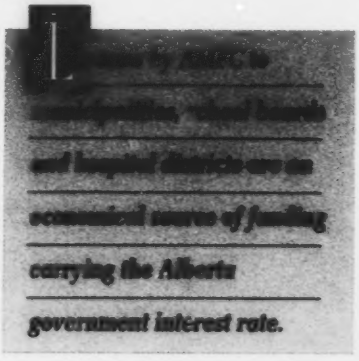
In 1991-92, the Corporation committed 870 loans totalling $64.7 million under its direct farm loan programs and 5,017 farm loan guarantees, totalling $83.4 million. These loans assisted beginning farmers' entry into agriculture and helped established farmers expand.

Twenty-seven loans and investments totalling $17.7 million and nine loan guarantees totalling $1.8 million were also provided to assist in the establishment and expansion of food processing, agribusiness and the farm service sector in Alberta. This support further contributed to the diversification and expansion of the rural economic base.

Investment
in 1991-92: $100 million
at March 31, 1992: $1,061 million

Alberta Municipal Financing Corporation

Loans provided by this provincial Crown corporation are an economical source of long-term financing for Alberta's municipalities, school systems and hospital districts since these loans carry an Alberta government interest rate rather than higher rates these borrowers would pay if they borrowed on their own. By making funds available at the lowest possible cost to all local government jurisdictions, regardless of their size or location, Alberta Municipal Financing Corporation (AMFC) has encouraged progress and growth in many communities.



During 1991, the Corporation lent $472 million which was financed by drawing down sinking fund assets and by re-lending funds received from loan repayments during the year.

In March 1992, the Heritage Fund sold $570 million of its holdings of AMFC debentures at market prices and realized a $153 million capital gain, which was transferred to the General Revenue Fund. AMFC purchased $305 million of these debentures to restructure its debt outstanding to improve the matching of the maturity profile of its assets and liabilities.

Investment
at March 31, 1992: $140 million

Alberta Mortgage and Housing Corporation

As a result of a comprehensive review of the mandate of Alberta Mortgage and Housing Corporation (AMHC), AMHC was restructured on January 1, 1991. Mortgage Properties Inc. (MPI), a subsidiary of AMHC, is disposing of real estate assets and mortgages which are not required for social housing needs. The Department of Municipal Affairs now administers the Corporation's social housing programs.

During 1991-92, MPI sold about $237 million of AMHC's land, real estate and mortgage assets which were no longer required for social housing needs. In addition, MPI was successful in negotiating settlements on $77 million of AMHC's mortgage assets. The proceeds from these transactions were used primarily to repay debt held by the Heritage Fund. Including regularly scheduled repayments, $419 million of principal was returned to the Heritage Fund in 1991-92.

In 1991-92, the Corporation committed $5 million for the construction of 59 rental units for low- income families. AMHC also provided rental accommodation based on income to another 300 households through its rent supplement program. Through its senior citizens housing programs, the Corporation committed $7.1 million during the year to construct 89 self- contained units, $3.5 million to construct 58 lodge units, and $17.7 million to regenerate older lodges.

FINANCIAL ASSETS

AMHC provided $5.1 million in capital financing to non-profit organizations to develop and operate special purpose housing projects for the disabled, victims of family violence, and others with special housing needs. Also, AMHC provided for the annual operating costs of 143 special needs units constructed with private sector financing. Under the rural and native housing program, AMHC committed $9.8 million for the construction of 111 rental units for low-income families in rural locations. Through the Mobile Home Loan Insurance Program, AMHC insured 927 loans to enable families and individuals to obtain financing to acquire mobile homes.

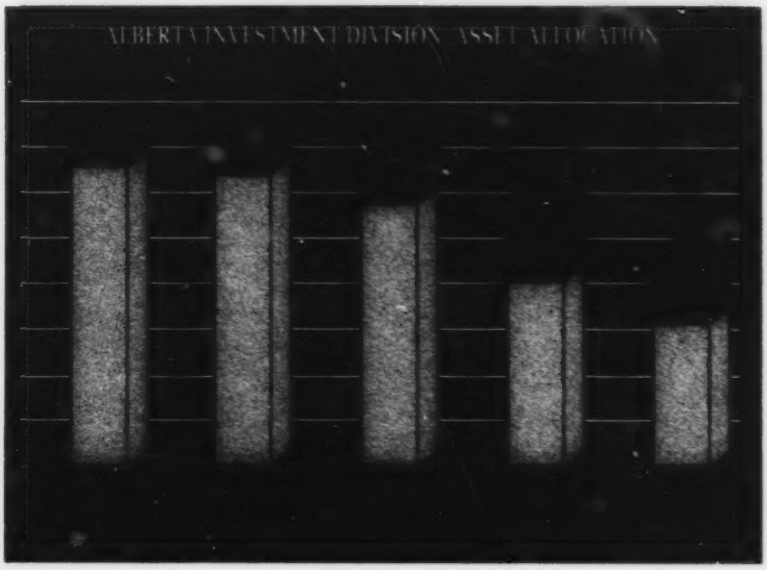
Investment
in 1991-92: $87 million
at March 31, 1992: $1,807 million

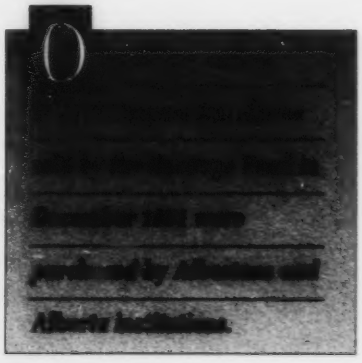
CORPORATE SECURITIES

TELUS Corporation

(Formerly The Alberta Government Telephones Commission)

In December 1991, the province completed the privatization of TELUS Corporation when the Alberta Investment Division of the Heritage Fund sold its remaining holdings of TELUS Corporation common shares. The Heritage Fund sold $870 million of TELUS Corporation common shares by instalment receipt in this successful public offering. Over 82 per cent of the shares were sold to Albertans and Alberta institutions.





This sale was the second largest public offering in Canadian history, second only to the initial public offering of TELUS shares in October 1990. The offering, together with a separate $19 million sale of shares to other provincial funds, resulted in a capital gain of $190 million, after issue expenses, which was transferred to budgetary revenues. Under the instalment program the Heritage Fund will receive the remaining $435 million of cash in December 1992.

Investment
at March 31, 1992: nil

TransCanada PipeLines Limited (TCPL)

From its executive offices in Calgary, TCPL is principally involved in the transportation and marketing of natural gas. TCPL owns and operates high pressure pipelines for the transportation of natural gas from western Canada to eastern Canadian and United States markets. The main pipeline system begins near Empress, Alberta, crosses the provinces of Saskatchewan, Manitoba, and Ontario, and terminates near Montreal, Quebec. The pipeline also interconnects with other pipelines that deliver natural gas to other Canadian and United States markets.

Financial Assets

TCPL is in the midst of a major capital investment program that commenced in 1989 and will continue into 1993 and perhaps beyond. This program will expand the throughput capacity of TCPL's Canadian mainline natural gas transmission system and increase the carry-away capacity of affiliated, partially-owned connecting pipelines. In 1991, the company's capital expenditures totalled $1.4 billion.

TCPL financed part of its 1991 capital program and other activities through the issue of $150 million of 10 year convertible subordinated debentures to the Heritage Fund. The estimated market value of the convertible debentures at March 31, 1992, was $155 million.

Investment
in 1991-92: $150 million
at March 31, 1992: $150 million

NOVA Corporation of Alberta Ltd. (NOVA)

From its headquarters in Calgary, NOVA's activities include the operating of an extensive network of gas pipelines centered in Alberta, the manufacture and marketing of petrochemicals and plastics, the marketing of natural gas and engineering consultation. Incorporated in Alberta in 1954, NOVA now has annual revenues of almost $3.1 billion, assets of $5.8 billion and over 6,500 employees.

In 1991, NOVA invested $550 million to expand its Alberta pipeline system in response to gas producers' needs for additional capacity for increased sales. Total Alberta pipeline investment since 1988 is almost $2 billion, with a further investment of $2.1 billion planned through 1995. During 1991, NOVA restructured its operations to facilitate concentration on its two major businesses, pipelines and chemicals, by closing down certain non-competitive chemical plants and by writing down the value of its chemical assets. On December 31, 1991, NOVA completed the $325 million sale of its 43 per cent interest in Husky Oil Ltd. and used the proceeds to reduce non-cost-of- service debt.

The Heritage Fund holds $150 million in Adjustable Rate Convertible Subordinated Debentures of NOVA with a March 31, 1992, market value of $130.5 million, as well as 2.8 million NOVA common shares which were purchased pursuant to a 1989 rights offering. The market value of the common shares was $22.8 million ($24.5 million book value) at March 31, 1992.

Investment
at March 31, 1992: $175 million

Alberta Energy Company Ltd. (AEC)

AEC was established in 1973 to encourage Albertans and other Canadians to participate in the development of energy and other natural resources. About 82 per cent of AEC's 42,700 shareholders are Albertans. AEC and its subsidiaries, which at December 31, 1991, had assets of $2.1 billion and employed over 1,000 persons, has direct economic involvement in a number of Alberta communities.

AEC is a diversified, Canadian natural resource development corporation and ranks among the top 10 oil and gas companies in Canada in reserves, production levels and exploratory land holdings. It is also among the 10 largest publicly traded oil and gas firms in the country.

While AEC has significant operations in Alberta, it is also active throughout western Canada and in the U.S.A. The Company's activities include oil and gas exploration and development and investments in: Syncrude, the Vancouver Island natural gas pipeline, other pipelines, forest products, an electric utility, a coal mine and a nitrogen fertilizer business.

In June 1989, the Heritage Fund elected to receive dividends in the form of common shares, under AEC's dividend reinvestment plan, on an ongoing basis. This election continues to modestly increase the Fund's share holding of AEC. The Heritage Fund owned 24.4 million shares representing approximately 36 per cent of the Company with a market value of $259 million at March 31, 1992.

Investment
in 1991-92: $8 million
at March 31, 1992: $175 million

Canadian Western Bank

The Canadian Western Bank, a Schedule I bank, was formed on April 29, 1988, with the amalgamation of the Bank of Alberta with Western & Pacific Bank of Canada. The Canadian Western Bank is a western based bank with an international affiliation through the Hokkaido Takushoku Bank Ltd. of Japan. The Bank's corporate head office is located in Edmonton and branches operate in all

four western provinces. In addition, the Bank has a network of over 100 independent deposit agents located throughout Canada. The Bank's assets totalled more than $465 million at January 31, 1992.

The Heritage Fund's investment in the Canadian Western Bank is in the form of common shares, with a revised book value of $720,000 or $4.50 per share at March 31, 1992. In accordance with accounting policy, the Heritage Fund's investment in the Bank was written down by $880,000 at March 31, 1992, to reflect the market value of these shares which have been trading in the range of $3.75 to $5.50 over the last four years.

Investment
at March 31, 1992: $0.7 million

PROJECT INVESTMENTS

Alberta Pacific Forest Industries (Alpac)

The Alberta Pacific pulp mill complex is being built approximately 50 kilometres northeast of the town of Athabasca and is scheduled to begin partial operations in the summer of 1993. The mill is a joint venture between Crestbrook Forest Industries Ltd., Kanzaki Paper Canada Ltd. and MC Forest Investment Inc. Total annual production capacity of the mill will be 496 000 tonnes, 80 per cent of which will be hardwood pulp and the remaining 20 per cent bleached softwood pulp.

The Alberta Pacific project is one of the largest capital investments that Alberta has attracted in the past decade. The pulp mill phase of the project has an estimated cost of $1.3 billion and the cost of developing an on-site paper mill is projected to be $300 million. The company's "Alberta-first" purchase policy will generate business opportunities for companies in the region and throughout the province.

The project will create 2,250 person years of employment in mill construction, with a further 550 person years of employment required to build the necessary infrastructure. Overall, 1,100 permanent jobs for Albertans will be created and the value-added industry of the province will be further developed. In addition to the Heritage Fund investment, the Government of Alberta has committed approximately $75 million for the construction of infrastructure.

The Alpac mill will be the most environmentally-advanced bleached kraft pulp mill in Canada. Standards on effluents from the pulp mill will exceed existing and proposed federal standards. The system of technologies developed by Alpac eliminates the use of chlorine in the bleached kraft pulping process, ensuring that the fisheries of the Athabasca and Slave rivers will be protected. In addition, the company will reforest all cutover areas promptly and integrate timber management with other forest uses.

The Heritage Fund investment takes the form of loans to the three companies participating in the joint venture. The province will invest up to $275 million in the project.

Investment
in 1991-92: $67 million
at March 31, 1992: $67 million

Prince Rupert Grain Terminal - Ridley Grain Ltd.

The Prince Rupert Grain Terminal is owned and operated by Ridley Grain Ltd., a consortium of six major western Canadian grain companies. The Heritage Fund's investment is in the form of first mortgage bonds. Financing was also provided for this project by members of the consortium and from the province's General Revenue Fund to develop a world class port facility on the west coast. In addition to providing additional export capacity, the Prince Rupert Grain Terminal increases the ability of Alberta and other western provinces to serve Pacific grain markets by easing the load on southern rail routes to the west coast.

During its sixth year of operation, ended July 31, 1991, the Prince Rupert Grain Terminal processed about 4.5 million tonnes of grain, well above the terminal's design capacity of 3.5 million tonnes, a marginal decrease of 300 000 tonnes from the previous year's record throughput of 4.8 million tonnes. This highly automated terminal now handles over 15 per cent of Canada's, and about 28 per cent of the west coast's, annual grain exports. As a consequence of high grain throughput, Ridley Grain Ltd. made a full interest payment of $18.5 million, and a $2.4 million principal repayment on the Heritage Fund's first mortgage bonds in 1991.

Investment
at March 31, 1992: $127 million

FINANCIAL ASSETS

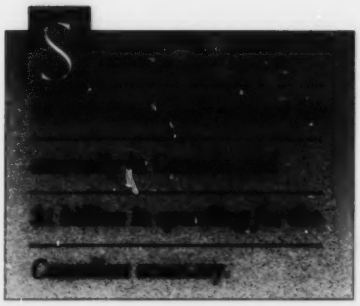
Millar Western Pulp Ltd.

The $204 million Millar Western Pulp mill, located at Whitecourt, began production in 1988 as the world's most advanced bleached chemithermo-mechanical pulp mill. The mill produces high-yield, chlorine-free pulp for use in the manufacture of tissues, towelling, and printing and writing papers. In 1991, the mill received a national environment award for its superior effluent treatment system. The company's high quality pulp is made from both softwood (pine and spruce) and hardwood (aspen) and is marketed as a replacement for hardwood kraft pulp in many applications to customers in Canada, the United States, Europe, Latin America, and the Pacific Rim. The mill, which employs about 140 people in operations and management has an annual capacity of 210 000 tonnes of pulp.

Investment
at March 31, 1992: $120 million

Syncrude Project

The Syncrude Project is the world's largest oil sands operation, producing more than 11 per cent of Canada's total crude oil requirements. Total production of synthetic crude oil for the fiscal year 1991-92 was 62 million barrels. This production was achieved despite operating problems which resulted in parts of the plant being out of service for a combined total of 82 days from August to October 1991. The estimated production for fiscal year 1992-93 is 66.8 million barrels or 180,000 barrels a day.



The Syncrude Project has a significant impact on Alberta and Canada. The original investment in the Syncrude plant was $2.3 billion but since 1978 there has been a further $2 billion in capital spending at Syncrude, with wide ranging benefits to the economy. In 1988, for example, a major six year capital investment program was completed at a cost of $1.6 billion; over 85 per cent of the materials and services for the project were purchased from Canadian suppliers and businesses. At the end of March 1992, Syncrude provided direct employment for 4,422 employees and another 900 contract people. The Project generates 16,000 direct and indirect jobs annually in Canada and $1 billion annually in spending for the Canadian economy.

Syncrude continues to increase operating efficiency while paying close attention to the environment. Since plant start-up over $100 million has been spent on environmental control technology and reclamation activities. A total of 143 hectares of mined land was planted with seedlings or transformed into grassland in 1991, compared to 40 hectares reclaimed in 1990.

Syncrude's longer term operational trends are positive. Although synthetic crude oil prices have dropped 50 per cent since 1985, Syncrude has offset this adverse impact by increasing production by almost 30 per cent and tightly controlling operating costs. Unit operating cost reductions have been achieved in spite of increased over-burden removal costs due to a mining waste-to-ore ratio which has doubled over the past five years.

The Heritage Fund's income from Syncrude was $43.3 million in 1991-92, down from $82.1 million in 1990-91. The primary cause of this income decline was a $4 per barrel drop in synthetic crude oil prices after the Persian Gulf war to an average $22.45 per barrel in 1991-92. In total the Heritage Fund has received income of $561 million from Syncrude since production began in 1978.

Investment
(net) in 1991-92: $5 million
at March 31, 1992: $518 million

OSLO Oil Sands Project

Effective April 1, 1989, the Heritage Fund commenced its 10 per cent equity investment in the OSLO Oil Sands Project. OSLO is an acronym for Other Six Leases Operation, referring to the other six leases owned by the original Syncrude members.

A Statement of Principles, covering the fiscal arrangements for the Project, was signed by the OLSO owners and the governments of Alberta and Canada in September of 1988. The federal government withdrew its funding commitments to the Project in February 1990, but agreed to provide $45.5 million towards completion of the $130 million engineering studies. Alberta agreed to provide up to $46.8 million of the $130 million from the General Revenue Fund.

Financial Assets

During 1991-92, work was completed on the detailed engineering studies necessary to develop a commercial project. The engineering studies predicted the Project would cost about $5 billion and provide approximately 80,000 barrels of synthetic crude oil per day.

There has been no commitment by the OSLO participants to develop further the Project since the studies were completed. In the absence of a commitment to begin construction, the value of the Heritage Fund's investment in the Project is being written down to nil. The write-down reflects the low probability that the Project will proceed in the near term.

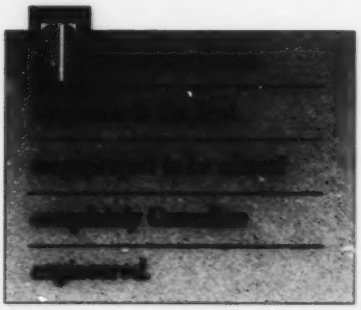
Investment
in 1991-92: $1 million
at March 31, 1992: nil

Lloydminster Bi-provincial Upgrader

The Lloydminster Bi-provincial Upgrader will have the capacity to produce 46,000 barrels of synthetic crude oil per day from heavy oil and bitumen reserves in Alberta and Saskatchewan. Husky Oil Ltd. is managing the construction of this project on behalf of a joint venture consisting of itself and the governments of Alberta, Saskatchewan and Canada.

By March 31, 1992, construction of the project was almost 90 per cent complete. Construction of the Delayed Coker and the Hydrotreater was completed at the end of June 1992. Full start-up is scheduled for November 1992. The original project cost estimate of $1.27 billion will be exceeded as the operator is currently forecasting a final cost of $1.63 billion due to higher than expected construction costs, increased management and material costs and other factors.

The engineering and construction of the upgrader is breaking new ground in Canadian content. Canadian industrial benefits for the total project is 88 per cent and for Saskatchewan and Alberta it is about 78 per cent. The Bi-provincial Upgrader is the first megaproject to be almost completely Canadian engineered (97 per cent). The workforce which



peaked in December 1991 at about 3,700, was 100 per cent Canadian. Native participation, including full and part-time workers has been as high as 12.8 per cent of the workforce. Also, extensive local benefits include the building and subsequent use of Lakeland College residences. In addition, rental vacancy rates have dropped from a high of 24 per cent in 1989 to less than one per cent in 1991. The local population has increased 25 per cent from 1989 to 1991.

Alberta is responsible for funding a portion of the $365 million project cost increase. This funding is being provided by a further equity investment from the Heritage Fund which will bring the Fund's total commitment to about $404 million.

In accordance with accounting policy and in view of the cost overruns, the value of the investment for financial statement purposes has been written down by $88.2 million.

Investment
in 1991-92: $170 million
at March 31, 1992: $221 million

Capital Projects Division

Vencap Equities Alberta Ltd.

Vencap was launched in 1983 with a $44 million public share and convertible debenture issue and a $200 million participating loan from the Heritage Fund. Vencap is Canada's second largest publicly traded venture capital company and is listed on the Alberta Stock Exchange. The company's investment focus is on potential high growth, profitable companies whose business operations will significantly benefit Alberta's economic development.

Vencap invests in a broad range of industries and in companies of various stages of development—seed, start-up, early stage, expansion and later stage situations involving established companies undergoing growth by acquisition and/or market expansion. Since inception in October 1983, Vencap has invested and committed $198.5 million to 62 companies.

In 1991-92, $31.4 million was invested in eight new and 17 existing venture investments, in fields such as health care products and services, retail clothing, a short-line industrial railway company, and microprocessor-based electronic products and systems. The corporation's venture portfolio consisted of 41 companies in which net venture investments totalled $109.3 million at March 31, 1992.

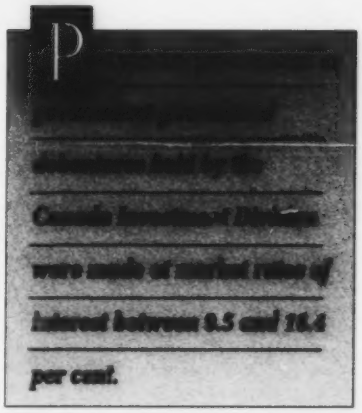
Financial Assets

The return on the Heritage Fund's $200 million loan is in the form of a percentage participation in Vencap's pre-tax income. In 1991-92, the Heritage Fund's income amounted to $5.5 million, up from $0.7 million in 1990-91. The Heritage Fund has received $57.7 million of income on its investment since 1983.

Investment
at March 31, 1992: $200 million

Canada Investment Division

The Canada Investment Division holds provincial government or government-backed debentures. These investments were made between 1977 and 1982 at market rates of interest between 9.5 and 16.4 per cent. The rate of interest was determined by the rate at which the most credit-worthy Canadian province could borrow at the time of the loans. No further investments have been made through the Canada Investment Division since lending was suspended in March 1982.



During 1991-92, the Division's rate of return on book value was 12.4 per cent compared with 12.5 per cent the previous year. These debentures provide a high, stable return to the Heritage Fund.

During 1991-92, interest received totalled $141 million, and principal repayments were $8 million. From 1977 to March 31, 1992, total interest income received has been $2,457 million and principal repayments received total $747 million. All interest and principal payments have been received in full when due. When the last debenture is repaid in 2005, the Heritage Fund's original investment of $1.9 billion in these debentures will have earned interest of over $3.7 billion.

These debentures had an estimated market value of about $1,299 million at March 31, 1992.

Investment
at March 31, 1992: $1,182 million

Financial Assets

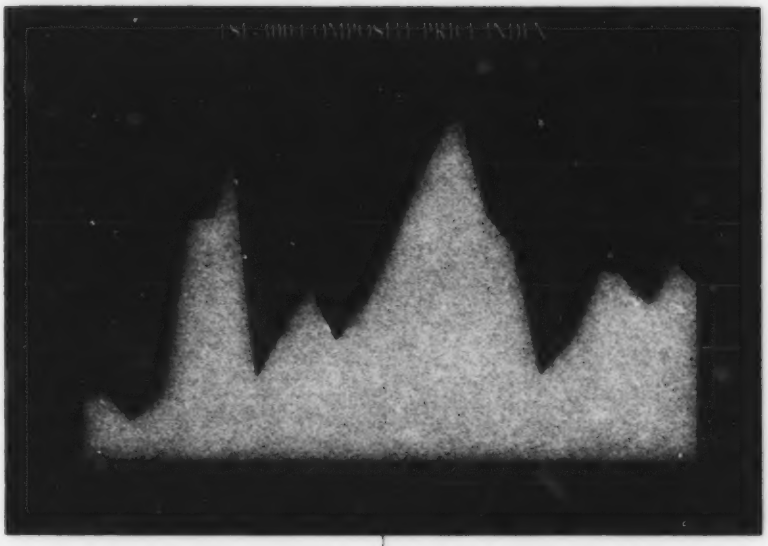
Commercial Investment Division

The Commercial Investment Division was established in 1982 to help diversify the Heritage Fund's investments. The Division received an initial allocation of $200 million and invests primarily in equity securities of Canadian companies. Since 1984-85, the Division has grown by the amount of net investment income earned on its investments. In 1991-92, the book value of the Division increased by $5 million to $345 million.

The equities of the Commercial Investment Division help balance the Heritage Fund's financial asset mix, which is primarily fixed income securities. Equity investments are expected to earn superior long-term returns relative to fixed income securities. In 1991-92, earnings from dividends, interest and net realized capital gains totalled $11.9 million. At March 31, 1992, the Division's market value of $504 million exceeded its book value by nearly $160 million.

The Commercial Investment Division is managed under a near-index investment strategy using many of the securities included in the TSE-300 index. The Division is not able to invest in bank shares and therefore may produce year to year results which differ from those of the TSE-300, although over the long-term the returns should be similar.

During 1991-92, the Commercial Investment Division earned a rate of return on book value of 3.7 per cent compared with 5.7 per cent the preceding year. The Division's return based upon market value performance was -2.2 per cent reflecting a weak economy.



Investment
(net) in 1991-92: $5.2 million
at March 31, 1992: $345 million

Financial Assets

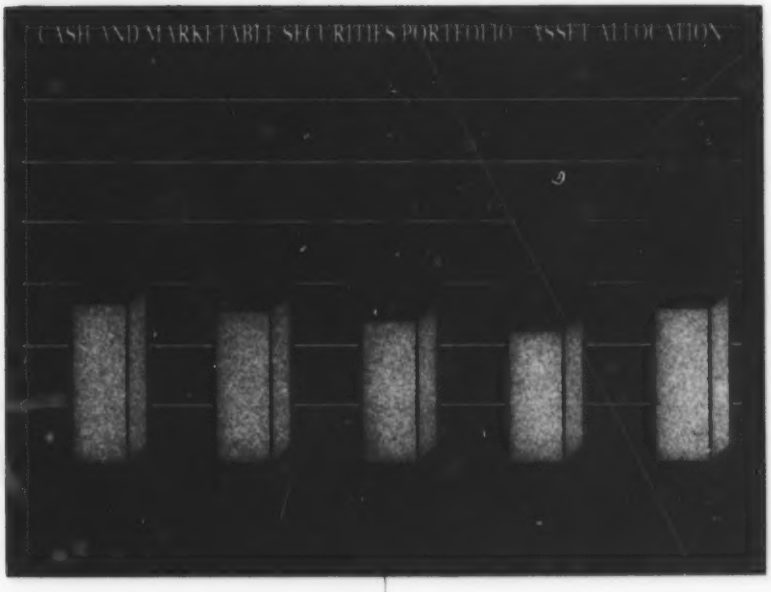
Cash and Marketable Securities

Funds not immediately required for investment in other divisions are invested under section 10 of the Alberta Heritage Savings Trust Fund Act. Of the Heritage Fund's $12 billion of financial assets at March 31, 1992, nearly $4.9 billion, or 40 per cent, were in marketable securities. Cash and marketable securities increased by $1 billion during 1991-92 mainly due to the sale of $570 million of Alberta Municipal Financing Corporation debentures, the repayment of $419 million of Alberta Mortgage and Housing Corporation debentures, and the sale of the remaining TELUS Corporation common shares. Funds in this portfolio provide the Heritage Fund with the necessary liquidity to undertake its various investments and provide the province with considerable flexibility in managing its finances.

At March 31, 1992, approximately $2.7 billion, or 54 per cent, of these funds were invested in short-term securities with a remaining term to maturity of less than one year and an average term to maturity of approximately 135 days. This short-term position included about 66 per cent government securities and 34 per cent high quality corporate paper. The balance of the Cash and Marketable Securities portfolio, approximately $2.2 billion, is invested in securities with remaining terms to maturity between one and five years. At year end, this portion of the portfolio included about 81 per cent government and 19 per cent corporate securities, and had an average term to maturity of almost two and a half years.

In 1991-92, the Cash and Marketable Securities portfolio contributed $408 million, or 39 per cent of the Heritage Fund's investment income (excluding non-recurring capital gains). This equated to a rate of return, on market value, of 10.4 per cent. The return is less than the 1990-91 return of 14.7 per cent, due to lower interest rates on short-term investments and lower realized and unrealized capital gains. Government of Canada Treasury Bill rates fell from 9.55 per cent in April 1991, to 7.25 per cent by the end of March 1992.

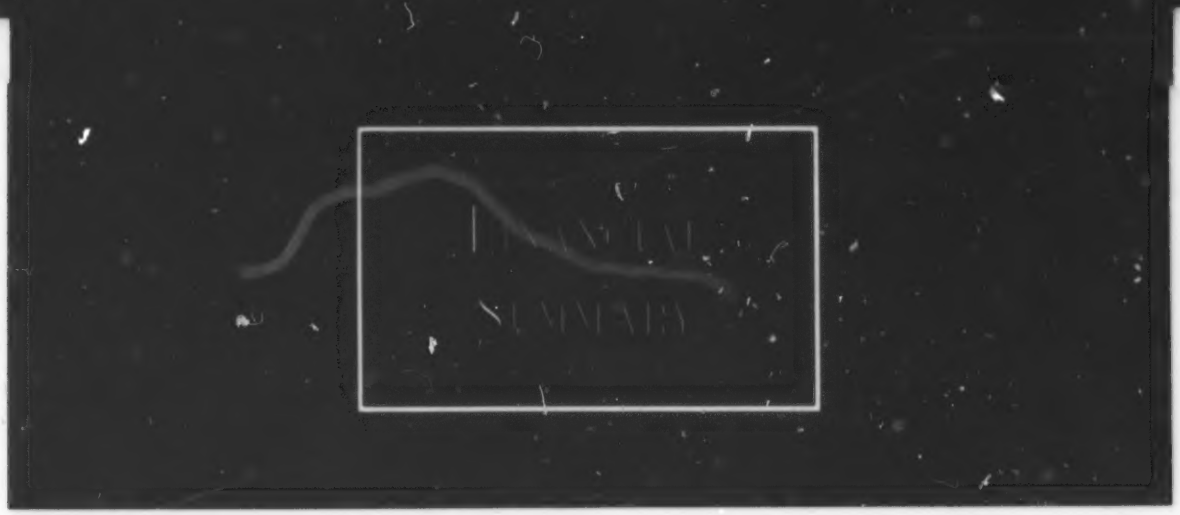
Financial Assets



During the year, the province took advantage of the flexibility provided by this significant liquidity position to interim finance a portion of its borrowing needs. Early in the fiscal year, the province issued short-term notes to the Heritage Fund and paid interest to the Fund, rather than borrowing in public markets. All such financing bears the market interest rate for an Alberta issue on the day of the financing. This ensures that the Heritage Fund receives the full income available from similar securities and that the full cost of the debt is charged to the province's budget.

At March 31, 1992, financing from the Heritage Fund totalled $1,013 million, including $530 million to finance deposits with lenders under the Farm Credit Stability and Small Business Term Assistance programs and $483 million for the province's General Revenue Fund. At March 31, 1992, the portfolio had an additional $204 million invested in General Revenue Fund securities and $6 million in provincially guaranteed securities as part of the portfolio's overall investment strategy.

Investment
(net) in 1991-92: $974 million
at March 31, 1992: $4,865 million



Rates of Return, Yields to Maturity and Market Values

Rates of Return

The Heritage Fund's investment returns are determined by movements in interest rates, and changes in the prices of securities.

In reviewing the returns of a portfolio, the nature of the investments must be taken into account. When measuring returns for the Alberta and Canada Investment Divisions, rates of return (excluding joint ventures) are based on book value because most of the securities are not traded on public markets. Consequently the return cannot be compared with conventional industry benchmarks or indices.

The Cash and Marketable Securities portfolio and Commercial Investment Division portfolio are comprised of readily marketable investments. Therefore returns can also be calculated on the basis of market values which can be more easily compared with various performance standards.

The one year, three year, five year and nine year returns are summarized in the table on page 24, together with industry benchmarks, where appropriate.

The Cash and Marketable Securities portfolio consists of two components, money market securities maturing within one year and mid-term securities with more than one year to maturity. The earnings on both components reflect the fluctuations in interest rates over the periods. As the table illustrates, the performance has been better than the indices over the long term.

The Commercial Investment Division's equity performance closely tracks the TSE-300 benchmark. The Commercial Investment Division is managed on a near-index basis to provide a broad equity market exposure and diversification to the Heritage Fund, as the balance of the Heritage Fund's portfolio is heavily weighted towards fixed income. The Division is not able to invest in bank stocks, therefore the index has been adjusted accordingly.

Over the longer term the equity investments in the Commercial Investment Division are expected to provide higher returns than those from the Cash and Marketable Securities portfolio and so enhance the long term performance of the Heritage Fund.

Yields to Maturity

The yield to maturity of an investment is an estimate of the annual rate of return an investor would earn if the investment were held to maturity and the income from the investment reinvested at the same rate. The yield to maturity is calculated for an investment portfolio at a particular date.

Market Values

The 1990-91 Report of the Select Standing Committee recommended that market values of Heritage Fund investments be published. The table on page 25 compares the book value of the Fund's financial assets with available market values at March 31, 1992. Market values for securities which are actively traded are based on March 31, 1992, closing prices. For securities which are not actively traded, values are obtained by using market prices of similar securities of the issuer which are traded and making appropriate adjustments for the coupon rate, term to maturity and other features. No attempt has been made to derive market values for project investments or securities which have unique characteristics.

FINANCIAL SUMMARY

(percentage, Years Ending March 31)

Annualized Returns Based on Book Values	9 Years	5 Years	3 Years	1 Year
Alberta Investment Division	13.4	12.7	13.4	18.6
Canada Investment Division	12.8	12.5	12.4	12.4
Commercial Investment Division	7.6	8.3	5.1	3.7
Cash and Marketable Securities	10.7	11.3	12.6	11.7
Total Returns	12.6	12.0	12.6	14.6
Annualized Returns Based on Market Values				
Cash and Marketable Securities				
Short Term Marketable Securities (Less than one year)	10.5	10.8	11.8	9.2
ScotiaMcLeod 91 day T-Bills	10.4	10.6	11.6	8.7
Mid Term Marketable Securities (Greater than one year)	12.3	10.0	11.9	11.2
ScotiaMcLeod Short-Term Bonds (1-5 years)	11.3	9.8	12.5	12.0
Total Returns for Cash and Marketable Securities	**10.8**	**11.0**	**12.1**	**10.4**
Commercial Investment Division	9.0	0.7	0 4	-2.2
TSE-300 Excluding Banks	8.4	0.2	0.3	-0.4

	March 31, 1992	March 31, 1991
Canada Investment Division	12.1	12.1
Alberta Investment Division	10.8	11.2
Commercial Investment Division[a]	8.1	11.0
Cash and Marketable Securities	9.1	10.9
Heritage Fund Total	10.1	11.2

[a] Money market securities only

FINANCIAL SUMMARY

(as at March 31, 1992, millions of dollars)

A. FINANCIAL ASSETS	Book Value	Market Value
Cash and Marketable Securities		
Bonds and mid-term securities	3,389	3,418
Short-term money market securities	1,476	1,476
Total Cash and Marketable Securities	**4,865**	**4,894**
Canada Investment Division	1,182	1,299
Commercial Investment Division	345	504
Alberta Investment Division		
Provincial Crown corporation debentures		
Alberta Agricultural Development Corporation	1,061	1,103
Alberta Mortgage and Housing Corporation	1,807	1,977
Alberta Municipal Financing Corporation	140	164
Alberta Opportunity Company	142	153
Corporate securities		
NOVA Corporation of Alberta Ltd. convertible subordinated debentures	150	131
TransCanada PipeLines Ltd. convertible subordinated debentures	150	155
Alberta Energy Company Ltd. common shares	175	259
Canadian Western Bank common shares	1	1
NOVA Corporation of Alberta Ltd. common shares	24	23
Total Alberta Investment Division	**3,650**	**3,966**
Remaining Investments book value[a]	**1,254**	**1,254**
Accrued interest and accounts receivable	**743**	**743**
Total	**12,039**	**12,660**

B. DEEMED ASSETS		
Alberta Heritage Scholarship Fund	100	199
Alberta Heritage Foundation for Medical Research	300	575
	400	774

[a] *No market values are available for the remaining investments: Alberta Pacific Pulp Mill project, Lloydminster Bi-provincial Upgrader project, Millar Western Pulp Ltd., Ridley Grain Ltd. (Prince Rupert), Syncrude project and Vencap Equities Alberta Ltd.*

FINANCIAL SUMMARY

(millions of dollars)

	1991-92	1990-91	1989-90	1988-89	1987-88
Transfer of Non-Renewable Resource Revenue to the Heritage Fund	0	0	0	0	0
Net Income Earned on the Fund's Investments	1,382	1,337	1,244	1,252	1,353
Subtract					
Income Transferred to Budgetary Revenues	1,382	1,337	1,244	1,252	1,353
Expenditures on Non-Income Earning Capital Projects Division Projects (Deemed Assets)	84	150	134	155	129
New Funds Available to the Heritage Fund for Income Earning Investments	(84)	(150)	(134)	(155)	(129)
Increase (Decrease) in Payables	(9)	(5)	9	5	(54)
Add					
Financial Assets of the Heritage Fund at the Beginning of the Year	12,132	12,287	12,412	12,562	12,745
Financial Assets of the Heritage Fund at the End of the Year	12,039	12,132	12,287	12,412	12,562
Consisting of					
Alberta Investment Division	4,704	5,921	6,933	7,397	7,520
Capital Projects Division[a]	200	200	200	200	200
Energy Investment Division	—	—	—	—	1
Canada Investment Division	1,182	1,189	1,306	1,388	1,470
Commercial Investment Division	345	340	316	287	263
Cash and Marketable Securities	4,865	3,891	3,162	2,841	2,798
Accrued Interest and Accounts Receivable	743	591	370	299	310
Financial Assets	12,039	12,132	12,287	12,412	12,562
Rate of Return on Book Value (%)	14.6	11.7	11.4	11.1	11.4

[a] Investment in Vencap Equities Alberta Ltd.

FINANCIAL SUMMARY

Summary of Investment Transactions for the year ended March 31, 1992
(millions of dollars)

	Cost March 31, 1991	Purchases	Amortization	Repayments and Redemptions	Cost March 31, 1992	Par Value March 31, 1992	Average Coupon Rate (%)
Province of New Brunswick	146.0	—	0.1	—	146.1	147.0	11.0
New Brunswick Electric Power Commission	84.1	—	0.1	—	84.2	85.0	11.5
	230.1	—	0.2	—	230.3	232.0	11.2
Province of Newfoundland	49.8	—	0.1	—	49.9	50.0	10.0
Newfoundland and Labrador Hydro	148.9	—	0.1	—	149.0	150.0	12.3
Newfoundland Municipal Financing Corporation	64.3	—	0.1	1.7	62.7	63.0	12.7
	263.0	—	0.3	1.7	261.6	263.0	12.0
Province of Nova Scotia	208.2	—	0.2	—	208.4	210.0	11.8
Nova Scotia Municipal Finance Corporation	29.8	—	—	4.6	25.2	25.3	12.9
Nova Scotia Power Corporation	99.3	—	0.1	—	99.4	100.0	10.6
	337.3	—	0.3	4.6	333.0	335.3	11.4
Province of Prince Edward Island	54.4	—	—	2.0	52.4	53.0	13.8
Hydro-Quebec	304.3	—	0.4	—	304.7	310.0	11.3
Total	**1,189.1**	**—**	**1.2**	**8.3**	**1,182.0**	**1,193.3**	**11.6**

Summary of Investment Transactions for the year ended March 31, 1992
(millions of dollars)

	Cost March 31, 1991	Purchases	Amortization (Write-down)	Disposals, Repayments and Redemptions	Cost March 31, 1992	Market Value March 31, 1992
Common and preferred shares	312.2	34.1	(4.4)	9.2	332.7	493.8
Short-term money market securities and mid-term participating certificate	27.4	70.5	1.1	87.0	12.0	10.4
Total	339.6	104.6	(3.3)	96.2	344.7	504.2

FINANCIAL SUMMARY

Summary of Investment Transactions for the year ended March 31, 1992
(millions of dollars)

	Cost March 31, 1991	Purchases	Write-down	Disposals, Repayments and Redemptions	Cost March 31, 1992
Investments in Provincial Crown Corporations:					
Alberta Agricultural Development Corporation Debentures					
Investments at March 31, 1991	1,003.3	—	—	42.1	961.2
Investments made during 1991-92:					
10.14% Sept. 1, 2001	—	97.0	—	—	97.0
9.37% Mar. 31, 2002	—	3.0	—	—	3.0
	1,003.3	100.0	—	42.1	1,061.2
Alberta Mortgage and Housing Corporation Debentures					
Investments at March 31, 1991	2,138.7	—	—	418.7	1,720.0
Investments made during 1991-92:					
10.20% Sept. 20, 2011	—	39.0	—	—	39.0
9.86% Nov. 1, 2011	—	10.0	—	—	10.0
9.67% Mar. 2, 2012	—	13.5	—	—	13.5
10.20% Sept. 20, 2016	—	14.0	—	—	14.0
9.72% Mar. 2, 2017	—	10.5	—	—	10.5
	2,138.7	87.0	—	418.7	1,807.0
Alberta Municipal Financing Corporation Debentures					
Investments at March 31, 1991	710.0	—	—	570.0	140.0
Alberta Opportunity Company Debentures					
Investments at March 31, 1991	150.1	—	—	31.3	118.8
Investments made during 1991-92:					
9.28% Mar. 30, 2000	—	23.0	—	—	23.0
	150.1	23.0	—	31.3	141.8
Total Provincial Crown Corporations	4,002.1	210.0	—	1,062.1	3,150.0

FINANCIAL SUMMARY

Summary of Investment Transactions for the year ended March 31, 1992
(millions of dollars)

	Cost March 31, 1991	Purchases	Write-down	Disposals, Repayments and Redemptions	Cost March 31, 1992
Other Alberta Investment Division Investments:					
Alberta Pacific Pulp Mill Project					
Variable rate debentures, Nov. 30, 2010					
Crestbrook Forest Industries Ltd.	—	26.9	—	—	26.9
Kanzaki Paper Inc.	—	16.7	—	—	16.7
MC Forest Inc.	—	23.5	—	—	23.5
Millar Western Pulp Ltd.					
Participating debenture, Oct. 31, 2009	120.0	—	—	—	120.0
NOVA Corporation of Alberta Ltd.					
Adjustable rate convertible subordinated debentures, Feb. 15, 2008	150.0	—	—	—	150.0
Ridley Grain Ltd.					
Debenture, 11% July 31, 2016	129.7	—	—	2.3	127.4
TransCanada PipeLines Ltd.					
Convertible debenture, 10.426% Dec. 20, 2001	—	150.0	—	—	150.0
Alberta Energy Company Ltd					
Common shares	166.9	7.8	—	—	174.7
Canadian Western Bank					
Common shares	1.6	—	0.9	—	0.7
NOVA Corporation of Alberta Ltd.					
Common shares	24.6	—	—	—	24.6
TELUS Corporation					
Common shares	667.7	—	—	667.7	—
Participation in Lloydminster Bi-provincial Upgrader Project	138.9	170.4	88.2	—	221.1
Participation in OSLO Oil Sands Project	5.8	1.0	6.8	—	—
Participation in Syncrude Project	513.6	204.3	—	199.8	518.1
Total	**5,920.9**	**810.6**	**95.9**	**1,931.9**	**4,703.7**

Deemed Assets

DEEMED ASSETS

CAPITAL PROJECTS DIVISION

The Capital Projects Division invests in projects that will provide long-term economic or social benefits to the people of Alberta. These projects will not necessarily, by their nature, yield a financial return to the Heritage Fund. However they improve the present and future quality of life in Alberta. The total investments in this Division are limited to 25 per cent of the Heritage Fund's total assets including deemed assets. Investments are made in the form of grants, endowments or capital projects. Descriptions of projects funded in 1991-92 follow and a summary table listing all completed projects is provided at the end of this section.

AGRICULTURE

Farming For The Future

The purpose of the Farming for the Future program is to provide financial assistance for agricultural research and demonstration projects. The program is managed by the Alberta Agricultural Research Institute. In keeping with the Institute's mission, Farming for the Future supports projects aimed at improving agricultural marketing, food processing, soil and water conservation, and agricultural production. In 1991-92, 105 research projects and 73 demonstrations were conducted.

Investment
in 1991-92: $5 million
at March 31, 1992: $63 million

Irrigation Rehabilitation and Expansion

The efficient and effective management of Alberta's water resources is advanced through the combined efforts of this project and the Irrigation Headworks and Main Irrigation Systems Improvement project. Assistance is provided to the 13 Irrigation Districts to plan, rehabilitate and expand their irrigation distribution networks.

During 1991-92, 16 kilometres of canal were lined. Ninety-eight kilometres of pipelines and 43 kilometres of earth canals were rehabilitated. In the 1991 crop season, a total of 490 553 hectares (1,212,141 acres) of land were serviced by the 13 Irrigation Districts.

Investment
in 1991-92: $20 million
at March 31, 1992: $332 million

Private Irrigation Water Supply

This program provides grant assistance to farmers and ranchers to defray up to 50 per cent of the capital costs associated with the diversion and conveyance of water from a natural water supply to their own land for irrigation purposes. This irrigation program was offered to those producers falling outside of the areas serviced by the 13 Irrigation Districts.

During its third year of operation, the program assisted in the development of 18 new projects. To date, a total of 58 projects have been developed, representing 3 055 hectares (7,547 acres).

Investment
in 1991-92: $0.4 million
at March 31, 1992: $0.8 million

DEEMED ASSETS

ENERGY

Renewable Energy Research

The Alberta Office of Renewable Energy Technology was established during 1990-91. The Office promotes development and demonstration of renewable energy technologies in the Pincher Creek/ Crowsnest Pass area of the province in a program known as the Southwest Alberta Renewable Energy Initiative.

In the first two years of the Initiative, 11 projects received approximately $1.3 million in financial support, and these projects are expected to receive a total of approximately $2.4 million over four years.

Thus far, the largest projects approved by the Office have been a 2.4 MW hydro-electric power system and two separate wind farms—one at 9.0 MW and the other at 9.9 MW.

On a smaller scale, the development of a locally designed device known as a Maverick wind pump is well advanced. A survey of the wind potential of the Pincher Creek/Crowsnest Pass area that is under way will help in choosing the optimal locations for future wind power projects.

Nearing completion is a demonstration of wind and solar-powered pumps that are being used to supply water for the development of wildlife habitat.

The Alberta Renewable Energy Test Site, which was relocated from Lethbridge to Pincher Creek, provides independent testing to international standards of wind and solar-powered water pumps. An Information Centre established by the Initiative in Pincher Creek provides information about renewable energy to the general public and also serves as a local contact for parties who are interested in participating in the program.

Investment
in 1991-92: $1 million
at March 31, 1992: $1.5 million

ENVIRONMENT

Irrigation Headworks and Main Irrigation Systems Improvement

This project supports the rehabilitation, upgrading or replacement of existing water management headworks and delivery systems. Its objective is to provide an assured water supply for a wide range of multi-purpose uses such as irrigation, domestic, municipal and industrial water needs, as well as water-based recreation facilities and wildlife enhancement.

In 1991-92, construction continued on the Eastern Irrigation District main canal, the United District headworks and the Western headworks rehabilitation programs. Construction of the West Arrowwood Syphon Replacement structure on the Carseland-Bow River headworks was completed. Construction work on the replacement of the Expanse Coulee Syphon in the Bow River Irrigation District Main Canal was initiated. The St. Mary River Irrigation District main canal from Ridge Reservoir to Murray Reservoir is essentially complete and operational, with some remedial clean-up work remaining to be completed.

Investment
in 1991-92: $31 million
at March 31, 1992: $503 million

DEEMED ASSETS

Land Reclamation

The objective of this project is to reclaim land disturbed as a result of human activity, but which was not governed at the time of disturbance by the Land Surface Conservation and Reclamation Act. The project was initiated in 1976. Project sites have included abandoned garbage dumps, sewage lagoons, gravel pits and mine sites located on municipal or Crown land. Research projects concerned with improving land reclamation methods are also funded, with participation by industry.

Since the project's inception, approximately 1,348 sites have been or are currently being reclaimed. Most municipalities throughout the province have participated, with many having utilized the program for more than one project.

Investment
in 1991-92: $2 million
at March 31, 1992: $40 million

EXECUTIVE COUNCIL

Alberta Family Life and Substance Abuse Foundation

The Foundation's purpose is to strengthen Alberta families through the discovery and application of new knowledge about substance abuse. The Foundation supports innovative applied research and demonstration projects on substance abuse and the relationship between substance abuse and individuals, families and communities. The first Board of Trustees was appointed in March 1992. Funding provided in 1991-92 was used to establish a structure to support Foundation activities.

Investment
in 1991-92: $0.4 million
at March 31, 1992: $0.4 million

Occupational Health and Safety Research and Education

Workplace health and safety issues are addressed through research, education projects, and conferences. Among the 15 projects receiving support in 1991-92 were research on protective work clothing and the lung health of workers in wood product manufacturing plants. Research on the effects of substance use in Alberta workplaces was completed and the results widely distributed.

In the area of education, projects addressed training for residential construction workers, back injury prevention and the hazards of insulating materials. Funding was also provided for occupational safety training for university engineering and business students prior to entry into the workforce.

Conferences on injury prevention in health care institutions and retail businesses, cancer risks in the pulp and paper industry, and health hazards to painters also received support.

During 1991-92, an independent evaluation of the program found that funded projects are having a significant positive effect on the safety of Alberta workers.

A total of 216 grants had been awarded to the end of 1991-92.

Investment
in 1991-92: $1 million
at March 31, 1992: $11 million

FORESTRY, LANDS AND WILDLIFE

Grazing Reserves Enhancement

The Grazing Reserves Enhancement program, initiated on April 1, 1990, follows up the successful and well received Grazing Reserves Development program. The purpose of the program is to redevelop 21 provincial grazing reserves that have pastures facing brush reversion and low forage productivity. Over a seven-year period, redevelopment will take place on pastures on grazing reserves in the central and northern areas of the province. Approximately 55 000 hectares (136,000 acres) of low yielding, developed tame pasture will be redeveloped using techniques pioneered by Public Lands Division staff of Forestry, Lands and Wildlife. The improved pastures will provide grazing for approximately 20,000 additional head of livestock. This in turn will increase revenue from grazing fees to the Alberta government by about $900,000 annually. The enhancement of wildlife habitat, through careful planning of the redevelopment areas, will also occur.

Investment
in 1991-92: $3 million
at March 31, 1992: $43 million

Deemed Assets

Pine Ridge Reforestation Nursery Enhancement

(Alberta Reforestation Nursery)

This project was undertaken to provide a secure source of high quality seed and seedlings for both government and industry reforestation activities, and to provide facilities for the provincial tree improvement program. The Pine Ridge Forest Nursery has shipped approximately 269 million seedlings, or an average of 19 million per year. Capital funding for the design and construction of the Nursery was completed in 1984-85.

In 1990-91, a program to retrofit and expand the production facilities at the Nursery was undertaken. The program is expected to increase seedling capacity from 24.5 million per year currently to 33.5 million per year by the end of 1992-93.

Investment
in 1991-92: $6 million
at March 31, 1992: $22 million

Health

Applied Cancer Research

Through its support to both clinical and applied research, this program has established Alberta as a centre of excellence in cancer research and treatment. The funded projects provide benefits which go far beyond laboratory and clinical trials to provide direct improvements to patient care. Among the 29 projects funded in 1991-92 was a study to determine if personalized cancer prevention advice is effective in changing behaviour and ultimately reducing the risk of developing cancer. Support was also provided for research to identify genetic information in cells which ultimately develop into tumours. In addition to direct support for research, funding is provided for staffing and equipment to support multi-centre clinical trials of cancer treatment strategies. Successful trials often result in changes to standard treatments and improved patient care.

Investment
in 1991-92: $3 million
at March 31, 1992: $46 million

Technology, Research and Telecommunications

Individual Line Service

The Individual Line Service (ILS) program was completed June 30, 1991. Individual telephone line service was provided to 115,500 rural subscribers throughout Alberta. The program also refunded monthly exchange circuit surcharges to the 26,000 rural subscribers who acquired private lines before the ILS program began. Direct assistance to The Alberta Government Telephones Commission, its successor AGT Ltd. and ED TEL, and rebates to individual subscribers helped to realize the long-term goal to convert all party lines in the province to individual line service. All Albertans are now provided with the highest quality of telecommunications service.

Investment
in 1991-92: $3 million
at March 31, 1992: $221 million

TOURISM, PARKS AND RECREATION

Municipal Recreation/ Tourism Areas

Since 1986-87, the program has provided capital grants to rural communities for the development, upgrading and operation of outdoor recreation facilities. With the assistance of this program, rural communities have been able to improve local recreation opportunities and increase tourism.

A key factor in the success of the program has been the degree of enthusiasm and initiative to develop local recreation and tourist attractions. Communities represented by organizations such as local service groups and civic officials, chose the sites and developed plans. Tourism, Parks and Recreation's consultants assisted communities with planning and conceptual design of the areas.

In 1991-92, 18 new sites received development funding and 49 additional sites were completed. Funding for this project was completed in 1991-92.

Investment
in 1991-92: $1 million
at March 31, 1992: $14 million

Urban Park Development

Phase I of the program was announced in 1979. The program provided $87 million in capital funds to five cities to buy land and to develop urban park systems. As well as enhancing the outdoor recreational opportunities available to residents of these cities, these park systems help preserve the local natural environment. Parks in Lethbridge, Lloydminster, Medicine Hat, Red Deer, and Grande Prairie will continue to be enjoyed by Albertans for many years to come. This phase of the program was completed in 1987.

Phase II was announced in 1989. It will provide $82.2 million in capital funds over 10 years to 11 municipalities for land purchases and planning and development of urban park systems. The cities of Airdrie, Calgary, Camrose, Edmonton, Fort McMurray, Fort Saskatchewan, Leduc, Spruce Grove, St. Albert, and Wetaskiwin and the County of Strathcona are eligible for funding under the program.

Investment
in 1991-92: $9 million
at March 31, 1992: $100 million

Deemed Assets

Deemed Assets (Completed Projects)

Responsible Department	Period/ Investment	Description of Program
Advanced Education		
Alberta Heritage Scholarship Fund	1981-1982 $100 million	Earnings from the endowment provide about $10 million annually to support 13 scholarship and award programs. To date, over $98 million has been awarded to more than 70,300 Albertans.
Clinical Research Building	1989 $18 million	Located at the University of Alberta, this facility consists of five bays of laboratory modules and provides clinical research space for various medical disciplines.
Library Development	1979-1983 $9 million	This project funded the acquisition of over 600,000 library books, periodicals and non-print resources for library collections in 15 Alberta public colleges and universities.
Agriculture		
Food Processing Development Centre	1984-1987 $9 million	Located in Leduc, the Centre helps food processors, through the application of new technology, to develop new or improved products and processes.
Rail Hopper Cars	1980-1982 $54 million	As part of its ongoing commitment to Alberta's agricultural sector, the government acquired 1,000 hopper cars to increase the grain carrying capacity of the railway system.
Education		
Alberta Heritage Learning Resources	1978-1981 $9 million	This project resulted in the development and publication of six sets of materials for use in Alberta schools, all of which emphasized the history, geography, and the social and natural environment of Canada, particularly western Canada.
Energy		
Alberta Oil Sands Technology and Research Authority (AOSTRA)	1976-1990 $419 million	Funding was provided to the Authority which supports the province's energy sector by promoting research and development of environmentally acceptable technological methods for the efficient and economic recovery of oil sands bitumen and heavy oil and for the enhanced recovery of conventional oil.
Environment		
Lesser Slave Lake Outlet	1979-1984 $3 million	This project stabilized lake levels and addressed the problems of flooding in the communities and agricultural lands surrounding Lesser Slave Lake.

Deemed Assets

Environment		
Paddle River Basin Development	1979-1987 $42 million	This project addressed flooding problems in the Paddle River Basin and provided an assured water supply for the area.
Forestry, Lands and Wildlife		
Maintaining Our Forests	1979-1987 $25 million	This project helped to re-establish and to improve coniferous forests damaged by fire and industrial expansion. Under this project, approximately 45 000 hectares (111,000 acres) were planted with seedlings.
Health		
Applied Heart Disease Research	1976-1982 $29 million	This project assisted in the development of cardiac care programs at the University of Alberta Hospitals, the Royal Alexandra Hospital in Edmonton and the Calgary General Hospital.
Public Works, Supply and Services		
Alberta Children's Provincial General Hospital	1982-1984 $40 million	Funding was provided to build this children's health centre in Calgary which focuses on the total health of its young patients. Both basic and complex medical and surgical services are provided to in-patients and out-patients through over 30 specialty clinics.
Capital City Recreation Park	1976-1991 $44 million	This 1 250 hectare (3,000 acre) park in Edmonton joins 14 river valley parks by cross-river bridges and 55 kilometres of bicycle and hiking paths. Under an agreement with the City of Edmonton, which terminated March 31, 1991, the province reimbursed the city for the lands they purchased for the park. The province is in the process of finalizing the transfer of four parcels of provincially owned land located within the Capital City Recreation Park boundary to the city.
Fish Creek Provincial Park (Land)	1976-83 $27 million	Land for this provincial park in Calgary was purchased over several years to provide one of Canada's first urban provincial parks.
Tom Baker Cancer Centre and Special Services Facility	1981-1984 $93 million	Located at the Foothills Medical Centre site in Calgary, the Centre provides diagnostic, chemotherapy, radiation therapy and psychosocial support to cancer patients and their families.
Walter C. Mackenzie Health Sciences Centre	1982-1990 $391 million	Located at the University of Alberta, in Edmonton, this ultra modern health sciences centre integrates health care, teaching and research. This facility is able to support such leading edge programs as heart and lung transplants.

DEEMED ASSETS

Technology, Research and Telecommunications

Alberta Heritage Foundation for Medical Research Endowment Fund	1979-1980 $300 million	The Foundation devotes millions of dollars annually from the fund's investment earnings toward an exceptional awards and grants program that has established a critical mass of world class career medical scientists in Alberta. An aggressive technology transfer program is beginning to translate medical research into successful commercial ventures.
Electronics Test Centre	1985-1987 $6 million	This Edmonton facility tests and certifies electronic products and provides manufacturers with product evaluation and technical support.
Microchip Design and Fabrication Facilities	1985-1987 $8 million	The Alberta Microelectronic Centre helps transfer microelectronic technology to industry.

Tourism, Parks and Recreation

Fish Creek Provincial Park (Development)	1984-1987 $17 million	This 1 330 hectare (3,200 acre) day-use park in south Calgary offers a wide variety of recreational facilities including a 3.6 hectare (nine acre) swimming and skating lake, an equestrian centre, a number of amphitheatres, picnic areas and historical sites.
Kananaskis Country Recreation Development	1978-1988 $225 million	This 405 000 hectare (one million acre) park provides year round recreational enjoyment for Albertans and visitors. More than 1 500 kilometres of trails exist for hiking, cross-country skiing, biking, horseback riding, snowmobiling, and off-road vehicle driving. Facilities include golf courses, campgrounds and interpretive amphitheatres. Other special features include William Watson Lodge, providing accommodation designed for persons with disabilities, and the Canmore Nordic Centre, which hosts national and international sporting events.

Transportation and Utilities

Airport Terminal Buildings	1979-1984 $16 million	This project provided funding to construct airport terminals in 18 communities around the province thereby improving accessibility to these areas.

Note: Operating costs of completed capital projects are borne by the respective departments.

ALBERTA HERITAGE SAVINGS TRUST FUND

FINANCIAL STATEMENTS

MARCH 31, 1992

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AUDITOR'S REPORT

To the Provincial Treasurer

I have audited the balance sheet of the Alberta Heritage Savings Trust Fund as at March 31, 1992 and the statements of income, transfers, amounts expended and fund equity, changes in financial position and Capital Projects Division amounts expended for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The practice of including deemed assets and deemed equity represented by deemed assets on the balance sheet is not appropriate nor is the presentation in accordance with generally accepted accounting principles. Deemed assets represent amounts expended which are not recoverable by the Fund and where assets do exist, they belong to other organizations. Although it has been interpreted by management that the Alberta Heritage Savings Trust Fund Act requires the disclosure of deemed assets on the balance sheet, the financial position of the Fund would be better understood if the deemed assets and deemed equity represented by deemed assets, which both amount to $3,281,735,000 were not included.

In my opinion, except that the inclusion of deemed assets and deemed equity represented by deemed assets on the balance sheet is not appropriate as explained in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1992 and the results of its operations, the changes in its financial position and the amounts expended within the Capital Projects Division for the year then ended in accordance with the disclosed basis of accounting, as described in Note 2 to the financial statements.

Donald D. Salmon

FCA
Auditor General

Edmonton, Alberta
September 11, 1992

Balance Sheet

March 31, 1992 (thousands of dollars)

	1992	1991
Financial Assets		
Cash and marketable securities, Schedule 1	$ 4,865,282	$ 3,891,288
Accrued interest and accounts receivable	664,951	591,503
Due from the General Revenue Fund	78,493	-
Canada Investment Division investments, Schedule 2	1,181,973	1,189,101
Alberta Investment Division investments, Schedule 3	4,703,693	5,920,903
Commercial Investment Division investments, Schedule 4	344,714	339,557
Capital Projects Division investments, Schedule 5	199,992	199,993
	$12,039,098	$12,132,345
Deemed Assets		
Capital Projects Division investments, Schedule 6	$ 3,281,735	$ 3,197,338
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	$ 9,261	$ 9,716
Due to the General Revenue Fund	-	8,395
	9,261	18,111
Fund equity	12,029,837	12,114,234
	$12,039,098	$12,132,345
Deemed Equity Represented by Deemed Assets	$ 3,281,735	$ 3,197,338

The accompanying notes are part of these financial statements.

Statement of Income, Transfers, Amounts Expended and Fund Equity

For the Year Ended March 31, 1992 (thousands of dollars)

		1992	1991
Income:			
	Investment income before the undernoted	$ 1,143,586	$ 1,326,274
	Net gain on disposals of investments	339,670	16,028
	Write down of investments	(100,278)	(4,558)
	Net investment income (Note 4)	1,382,958	1,337,744
	Administrative expenses (Note 5)	1,369	887
	Net income	1,381,589	1,336,857
Transfers:			
	Transfers to the General Revenue Fund	1,381,589	1,336,857
		-	-
Capital Projects Division amounts expended:			
	Agriculture and economic development	38,523	99,717
	Environment and resource conservation	32,760	41,232
	Recreation and culture	9,429	5,998
	Health	3,849	3,942
	Previous year's expenditure refunds	(164)	(624)
		84,397	150,265
Net decrease in fund equity		(84,397)	(150,265)
Fund equity at beginning of year		12,114,234	12,264,499
Fund equity at end of year		$12,029,837	$12,114,234

Statement of Changes in Financial Position

For the Year Ended March 31, 1992 (thousands of dollars)

		1992	1991
Operating transactions:			
	Net income	$ 1,381,589	$ 1,336,857
	Non-cash items included in net income	(241,631)	(16,551)
	Increase in receivables	(151,941)	(221,383)
	Decrease in payables	(8,850)	(3,964)
	Cash provided by operating transactions	979,167	1,094,959
Investing transactions:			
	Proceeds from disposals, repayments and redemptions of investments:		
	Canada Investment Division	8,300	118,300
	Alberta Investment Division	2,274,632	2,696,518
	Commercial Investment Division	93,137	154,670
	Capital Projects Division	1	1
	Investments:		
	Alberta Investment Division	(810,609)	(1,671,110)
	Commercial Investment Division	(104,648)	(176,541)
	Cash provided by investing transactions	1,460,813	1,121,838
Transfers and amounts expended:			
	Transfers to the General Revenue Fund	(1,381,589)	(1,336,857)
	Capital Projects Division amounts expended	(84,397)	(150,265)
	Cash applied to transfers and amounts expended	(1,465,986)	(1,487,122)
Increase in cash and marketable securities		973,994	729,675
Cash and marketable securities at beginning of year		3,891,288	3,161,613
Cash and marketable securities at end of year		$ 4,865,282	$ 3,891,288

CAPITAL PROJECTS DIVISION, STATEMENT OF AMOUNTS EXPENDED

For the Year Ended March 31, 1992 (thousands of dollars)

Department/Project	Authorized	Expended	Unexpended
Agriculture			
Farming For The Future	$ 5,000	$ 4,708	$ 292
Irrigation Rehabilitation and Expansion	25,000	20,000	5,000
Private Irrigation Water Supply	3,815	370	3,445
Energy			
Renewable Energy Research	1,000	975	25
Environment			
Irrigation Headworks and Main Irrigation Systems Improvement	40,000	30,557	9,443
Land Reclamation	2,500	2,203	297
Executive Council			
Alberta Family Life and Substance Abuse Foundation	6,000	425	5,575
Occupational Health and Safety Research and Education	1,180	974	206
Forestry, Lands and Wildlife			
Grazing Reserves Enhancement	2,844	2,831	13
Pine Ridge Reforestation Nursery Enhancement	6,500	6,352	148
Health			
Applied Cancer Research	2,800	2,450	350
Technology, Research and Telecommunications			
Individual Line Service	3,296	3,287	9
Tourism, Parks and Recreation			
Municipal Recreation/Tourism Areas	930	615	315
Urban Park Development	8,815	8,814	1
	$ 109,680	84,561	$ 25,119
Previous year's expenditure refunds:			
Irrigation Headworks and Main Irrigation Systems Improvement		(42)	
Farming For the Future		(40)	
Rail Hopper Cars		(36)	
Land Reclamation		(35)	
Occupational Health and Safety Research and Education		(9)	
Individual Line Service		(2)	
Capital Projects Division amounts expended		84,397	
Deemed Assets at beginning of year		3,197,338	
Deemed Assets at end of year		$ 3,281,735	

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1992

Note 1 — *Authority and Financial Structure*

The Alberta Heritage Savings Trust Fund operates under the authority of the Alberta Heritage Savings Trust Fund Act (the Act), Chapter A-27, Revised Statutes of Alberta 1980, as amended.

Pursuant to section 4(2) of the Act which came into force in September 1982, all of the net income of the Fund is transferred to the General Revenue Fund. In total, the Fund has transferred $13,590,576,000 to the General Revenue Fund from 1982 to 1992. Net income from the inception of the Fund in 1976 to August 1982 totalling $3,262,247,000 has been retained by the Fund.

Under the authority of "Special Acts" and section 5(1) of the Act, non-renewable resource revenue totalling $12,049,325,000 was transferred from the General Revenue Fund to the Fund, from the inception of the Fund in 1976, to March 31, 1987.

Note 2 — *Summary of Significant Accounting Policies and Reporting Practices*

(i) These financial statements have been prepared in accordance with generally accepted accounting principles, except as follows:

(a) The investment in Alberta Energy Company Ltd., which represents 36% of the total number of issued and outstanding voting shares of the company, is valued at cost. Income is recognized only to the extent that dividends are received. The book value of the investment is not adjusted for the Fund's pro rata share of retained earnings of the company.

(b) Capital Projects Division investments represent the aggregate net amount expended from November 4, 1976 to March 31, 1992 under the authority of "Appropriation Acts" passed pursuant to section 6(2)(a) of the Alberta Heritage Savings Trust Fund Act. These investments are deemed to be assets of the Fund with a value equal to the net amounts expended pursuant to section 6(8)(a) of the Alberta Heritage Savings Trust Fund Act (see Note 3).

Amounts expended to acquire financial assets are shown separately as financial assets of the Fund. Amounts expended, not recoverable by the Fund, are included in the determination of Fund equity and are shown as deemed assets on the balance sheet.

(ii) Other significant accounting policies are as follows:

(a) Securities included in the Canada Investment Division, the Alberta Investment Division and the Commercial Investment Division are valued at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the life of the securities.

(b) The participation in joint ventures, included in the Alberta Investment Division, is accounted for on the equity basis.

(c) Bonds, bond coupons and residuals, mortgage-backed securities and mid-term money market securities included in marketable securities are valued at cost or market value, whichever is lower, on an aggregate basis. Short-term money market securities are valued at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the life of the securities.

(d) The cost of disposals is determined on the average cost basis. Gains and losses arising as a result of disposals and any change in the provision to adjust the cost of marketable securities to the lower of cost or market value, on an aggregate basis, are included in the determination of net investment income.

(e) Investment income is recorded on the accrual basis where there is reasonable assurance as to its measurement and collectability.

(f) Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(g) Foreign currency transactions are translated into Canadian dollars using average rates of exchange, except for hedged foreign currency transactions which are translated at rates of exchange established by the terms of the forward exchange contracts. Exchange differences on unhedged transactions are included in the determination of investment income.

Note 3

Compliance Information

The Investment Divisions shown on the balance sheet were established pursuant to section 6 of the Alberta Heritage Savings Trust Fund Act. Investments made under each of the Capital Projects Division and the Canada Investment Division are limited to 25% and 20% of the assets of the Trust Fund respectively. For the purpose of determining the assets of the Trust Fund to which these percentage limitations apply, the Act provides that investments in the Capital Projects Division shall be deemed to be assets of the Trust Fund with a value equal to the net amounts expended, while all other assets of the Trust Fund shall be valued at book value. Compliance information with respect to these statutory limits is provided in the table below.

	1992	% of Assets	1991	% of Assets
Capital Projects Division investments:				
Schedule 5	**$ 199,992,000**		$ 199,993,000	
Schedule 6	**3,281,735,000**		3,197,338,000	
	3,481,727,000	23	3,397,331,000	22
Canada Investment Division investments:				
Schedule 2	**1,181,973,000**	8	1,189,101,000	8
Other assets	**10,647,872,000**	69	10,725,140,000	70
	$15,311,572,000	100	$15,311,572,000	100

Note 4 ***Segmented Information***

Segmented information on net investment income is as follows:

	1992	1991
Cash and marketable securities (a)	$ 408,341,000	$ 462,340,000
Canada Investment Division investments	140,920,000	157,093,000
Alberta Investment Division investments (b)	816,346,000	699,864,000
Commercial Investment Division investments (c)	11,889,000	17,738,000
Capital Projects Division investments	5,462,000	709,000
	$1,382,958,000	$1,337,744,000

(a) Includes $124,474,000 (1991 $212,175,000) income from investments in Province of Alberta funds and agencies.

(b) Includes $596,121,000 (1991 $553,764,000) income from investments in Province of Alberta funds and agencies.

(c) Includes $113,000 (1991 $5,000) income from investments in Province of Alberta funds and agencies.

Note 5 ***Administrative Expenses***

	1992	1991
Expenses paid directly from the Fund pursuant to section 11(1) of the Alberta Heritage Savings Trust Fund Act	$ 708,000	$ 109,000
Other administrative expenses estimated and charged to the Fund pursuant to section 11(2) of the Alberta Heritage Savings Trust Fund Act	661,000	778,000
	$1,369,000	$ 887,000

Administrative expenses estimated at $763,000 for the year ended March 31, 1992 (1991 $676,000) relating to investments in joint ventures are not included in other administrative expenses but are reflected in results of operations of the projects for the year.

Note 6 ***Comparative Figures***

The 1991 figures have been reclassified where necessary to conform to 1992 presentation.

Note 7 ***Approval of Financial Statements***

These financial statements were approved by management.

CASH AND MARKETABLE SECURITIES

SCHEDULE 1

March 31, 1992

	1992		1991	
	Cost	Market Value	Cost	Market Value
	(thousands of dollars)			
Bonds (a):				
Government of Canada, direct and guaranteed	$1,214,660	$1,219,830	$699,515	$708,679
Provincial:				
Alberta, direct and guaranteed	184,358	185,885	92,699	94,053
Other, direct and guaranteed	454,971	460,111	298,199	301,614
Municipal	11,838	11,918	5,552	5,711
Corporate	168,942	171,781	70,445	72,325
	2,034,769	2,049,525	1,166,410	1,182,382
Bond coupons and residuals:				
Government of Canada, direct	136,622	137,560	117,198	117,377
Province of Alberta, guaranteed	391	395	745	739
Other provinces, direct and guaranteed	12,270	12,501	7,274	7,317
	149,283	150,456	125,217	125,433
Mortgage-backed securities:				
Government of Canada guaranteed	161,855	164,174	71,029	72,836
Mid-term money market securities:				
Promissory notes:				
Province of Alberta, direct	485,000	489,433	300,000	303,868
Other	131,326	134,410	152,272	154,089
Certificates of deposit and guaranteed investment certificates	367,464	369,850	242,761	244,765
Bankers' acceptances	59,554	60,145	61,364	61,844
	1,043,344	1,053,838	756,397	764,566
Short-term money market securities (b):				
Treasury bills (a):				
Government of Canada	211,827	211,827	462,441	462,441
Province of Alberta	24,800	24,800	29,587	29,587
Other provinces	24,660	24,660	9,806	9,806
Promissory notes:				
Province of Alberta	528,709	528,709	736,758	736,758
Other	123,858	123,858	71,615	71,615
Certificates of deposit and guaranteed investment certificates	25,000	25,000	25,181	25,181
Bankers' acceptances	330,781	330,781	279,259	279,259
Fully hedged deposit receipts	60,092	60,092	70,514	70,514

SCHEDULE 1 (CONTINUED)

	1992		1991	
	Cost	Market Value	Cost	Market Value
	(thousands of dollars)			
Short-term money market securities (b):				
Call loans	$ 40,000	$ 40,000	$ -	$ -
Bearer deposit notes	28,826	28,826	23,878	23,878
	1,398,553	1,398,553	1,709,039	1,709,039
Deposits in the Consolidated Cash Investment Trust Fund	77,478	77,478	63,196	63,196
	$4,865,282	$4,894,024	$3,891,288	$3,917,452

(a) At March 31, 1992 bonds and treasury bills with a market value of $347,717,000 (1991 $16,028,000) were loaned to certain borrowers. The loans were secured by Government of Canada securities and a letter of credit issued by a chartered bank with a total net realizable value of approximately $367,866,000 (1991 $18,172,000). During the term of the loans, the Fund retains the right to receive income on the securities loaned.

(b) The market value of short-term money market securities is estimated to approximate cost.

CANADA INVESTMENT DIVISION INVESTMENTS

SCHEDULE 2

March 31, 1992

	1992 Par Value	Cost	
		1992	1991
		(thousands of dollars)	
Debentures (a):			
Province of New Brunswick	$ 147,000	$ 146,118	$ 146,008
New Brunswick Electric Power Commission	85,000	84,195	84,120
Province of Newfoundland	50,000	49,858	49,835
Newfoundland and Labrador Hydro	150,000	148,997	148,868
Newfoundland Municipal Financing Corporation	63,000	62,648	64,300
Province of Nova Scotia	210,000	208,431	208,235
Nova Scotia Municipal Finance Corporation	25,250	25,182	29,763
Nova Scotia Power Corporation	100,000	99,396	99,313
Province of Prince Edward Island	53,000	52,433	54,367
Hydro-Quebec	310,000	304,715	304,292
	$1,193,250	$1,181,973	$1,189,101

(a) Debentures bear interest rates from 9.50% to 16.375% with maturity dates from December 19, 1992 to July 15, 2005. Certain debentures are redeemable prior to maturity at the option of the issuer. In general, other debentures are redeemable by a single payment of the full principal sum on maturity.

Alberta Investment Division Investments

Schedule 3

March 31, 1992

	1992	1991
	(thousands of dollars)	
Provincial corporation debentures (a):		
Alberta Agricultural Development Corporation	**$1,061,224**	$1,003,326
Alberta Mortgage and Housing Corporation	**1,807,006**	2,138,667
Alberta Municipal Financing Corporation	**140,000**	710,000
Alberta Opportunity Company	**141,791**	150,095
Corporate debentures:		
Alberta Pacific Pulp Mill Project		
Variable rate debentures (b):		
Crestbrook Forest Industries Ltd.	**26,859**	-
Kanzaki Paper Canada Inc.	**16,787**	-
MC Forest Investment Inc.	**23,501**	-
Millar Western Pulp Ltd.		
Participating debenture (c)	**120,000**	120,000
NOVA Corporation of Alberta Ltd.		
Adjustable rate convertible subordinated debentures (d)	**150,000**	150,000
Ridley Grain Ltd.		
11% participating first mortgage bonds (e)	**127,339**	129,726
TransCanada Pipelines Ltd.		
10.426% convertible subordinated debentures (f)	**150,000**	-
Common shares:		
Alberta Energy Company Ltd. (g)	**174,748**	166,921
Canadian Western Bank (h)	**720**	1,600
NOVA Corporation of Alberta Ltd.	**24,533**	24,533
TELUS Corporation (i)	**-**	667,737
Participation in joint ventures:		
Lloydminster Bi-provincial Upgrader Project (j)	**221,058**	138,934
OSLO Oil Sands Project (k)	**-**	5,771
Syncrude Project (l)	**518,127**	513,593
	$4,703,693	$5,920,903

SCHEDULE 3 (CONTINUED)

(a) Provincial corporation debentures bear interest rates from 9.10% to 18.05% with maturity dates from September 30, 1992 to March 2, 2017. Interest rates on Alberta Municipal Financing Corporation debentures are fixed to maturity and redemption is by a single payment of the full principal sum on maturity. In general the interest rates on the other provincial corporation debentures are fixed for a five year period only and repayment is by annual instalments of the principal sum over the life of the debenture. The Provincial Treasurer may permit all or part of the debentures to be redeemed by the issuer prior to maturity without penalty.

In March 1992, the Fund disposed of certain Alberta Municipal Financing Corporation debentures. Debentures costing $455,000,000 were sold to Province of Alberta funds and agencies for $562,435,000, and debentures costing $115,000,000 were sold to the public for $160,172,000.

During the year, other provincial corporation debentures amounting to $342,075,000 (1991 $719,715,000) were redeemed prior to maturity.

The Fund's investment in provincial corporation debentures is summarized hereunder:

	1992	1991
Balance at beginning of year	$4,002,088,000	$5,790,732,000
Investments:		
Alberta Agricultural Development Corporation	100,000,000	40,000,000
Alberta Mortgage and Housing Corporation	87,000,000	99,000,000
Alberta Opportunity Company	23,000,000	28,000,000
Disposals, repayments and redemptions:		
Alberta Municipal Financing Corporation	(570,000,000)	-
Alberta Mortgage and Housing Corporation	(418,661,000)	(886,238,000)
Alberta Agricultural Development Corporation	(42,102,000)	(35,862,000)
Alberta Opportunity Company	(31,304,000)	(34,598,000)
Alberta Government Telephones Commission	-	(998,946,000)
Balance at end of year	$3,150,021,000	$4,002,088,000

(b) Authorization has been given to invest up to $275 million in subordinated debentures of Crestbrook Forest Industries Ltd., Kanzaki Paper Canada Inc., and MC Forest Investment Inc., the joint venturers of the Alberta Pacific Pulp Mill Project. Under the terms of the debentures, prior to November 30, 1997, interest is accrued and capitalized at the Alberta 20 year Canadian dollar borrowing rate applicable on the date of the advance. After that date interest is accrued and paid monthly to the extent of the available cash flow. The rate will be adjusted on November 30, 1995 and every five years after that date to the Alberta 20 year Canadian dollar borrowing rate applicable on the date of adjustment. The debentures mature on or before November 30, 2010 and are repayable in five equal instalments commencing November 30, 2006. Total capitalized interest amounts to $2,270,000 at March 31, 1992.

(c) In September 1992, the Province of Alberta agreed with the company that the debenture will be repayable on or before October 31, 2004 by annual participation payments. The payments equalling 80% (increasing to 90% when the company's construction loan is repaid) of the company's available cash flow will commence when certain bank loans of the company are repaid. All participation payments are to be applied firstly to principal repayment, and secondly to payment of interest at a rate of 10% compounded annually. Any accrued and unpaid interest at maturity will continue to bear interest until repaid in full. Income from the debenture will be recognized to the extent that interest is received.

(d) The debentures are convertible at the Fund's option into common shares of the company, at a conversion price of $10.70 per share, subject to certain adjustments. Interest is payable semi-annually at a minimum rate of 6.25% per annum. The interest rate will be adjusted to 7.5% per annum after February 15, 1993 if the conversion price is increased to $11.45 per share by the company. The debentures are redeemable at the company's option, at the principal amount plus accrued interest after February 15, 1993. The debentures mature on February 15, 2008. The company may elect to repay principal and interest in common shares of the company.

(e) Under the terms of the debenture, prior to July 31, 1985, interest on the bonds has been capitalized and compounded annually; thereafter interest is compounded semi-annually and payable annually and any shortfall is to be capitalized. The principal, including capitalized interest, is repayable on or before July 31, 2015. Unrecorded capitalized interest amounts to $34,337,000 at March 31, 1992 (1991 $34,337,000). Income from the bonds is recognized to the extent that interest is received.

SCHEDULE 3 (CONTINUED)

(f) The debentures are convertible at the Fund's option into common shares of the company, at a conversion price of $23.041 per share. The debentures are redeemable at any time after June 20. 1995, in whole or in part, at the option of the company, at par plus accrued interest, subject to certain conditions. The debentures mature on December 20, 2001.

(g) At March 31, 1992, the Fund held 24,353,969 common shares of the company (1991 23,718,829 common shares) representing 36% (1991 36%) of the total number of issued and outstanding voting shares of the company. The company reported retained earnings at December 31, 1991 of $240,800,000 (1990 254,800,000).

(h) At March 31, 1992, the Fund held 160,000 common shares of the company (1991 160,000 common shares). For a number of years, the quoted market value of the investment was less than its carrying value. Accordingly, the investment was written down by $880,000 in 1992 to recognize the loss in value.

(i) In December 1991, the Fund sold 58,000,000 common shares of TELUS to the public, as instalment receipts and on a cum-dividend basis, through the secondary public offering. Proceeds from this disposition amounted to approximately $838,546,000. At the same time, the Fund sold the balance of 1,352,501 shares on an ex-dividend basis to Province of Alberta funds and agencies for $19,273,000.

(j) Under the Joint Venture Agreement, as amended, the Fund is obligated to contribute approximately 24.76% of the capital costs of the project. Equity contributions are repayable from the Fund's share of net operating revenue, estimated to amount to 29.29% until $52 million of the contributions are repaid with a return factor. 24.17% until the next $23 million of contributions are repaid with a return factor, and 16.19% thereafter. Return factors are recognized as income to the extent that they are received.

During the year, the Joint Venture Board determined that additional funds are required to complete the construction of the upgrader, bringing the Fund's share of total project costs to a maximum of approximately $404 million. In view of the cost overruns, the carrying value of the project has been written down by $88.2 million. The Fund's participation in the project is summarized hereunder:

	1992	1991
Balance at beginning of year	$138,934,000	$ 29,763,000
Equity contributions	170,324,000	109,171,000
Write down	(88,200,000)	-
Balance at end of year	$221,058,000	$138,934,000

(k) Under the OSLO Operating Agreement (1981) the Fund is obligated to contribute to the development costs of the project in proportion to its 10% participating interest. The necessary engineering studies were completed by the participants in December 1991. The Fund's participation in the project is summarized hereunder:

	1992	1991
Balance at beginning of year	$ 5,771,000	$ 3,990,000
Equity contributions	1,025,000	1,781,000
Write down	(6,796,000)	-
Balance at end of year	$ -	$ 5,771,000

(l) Authorization has been given to pay from the Fund the Province's share of construction and operating costs incurred under the Syncrude Project Ownership and Management Agreement. As a 16.74% participant in the project the Fund is, as lessee, entitled to its proportionate share of all substances produced subject to the liabilities to the Province of Alberta, as lessor, in accordance with the Alberta Crown Agreement. The Fund's participation in the project is summarized hereunder:

	1992	1991
Balance at beginning of year	$513,593,000	$518,805,000
Advances	204,286,000	191,633,000
Repayments	(243,034,000)	(278,982,000)
Net profit for the year	43,282,000	82,137,000
Balance at end of year	$518,127,000	$513,593,000

COMMERCIAL INVESTMENT DIVISION INVESTMENTS

SCHEDULE 4

March 31, 1992

	1992		1991	
	Cost	Market Value	Cost	Market Value
	(thousands of dollars)			
Canadian equities (a):				
Common shares and rights (b):				
Communications and media	$ 17,777	$ 35,942	$17,278	$35,381
Consumer products	18,181	51,950	18,849	43,398
Financial services	32,323	35,635	30,979	33,277
Gold and silver	29,706	32,730	22,535	33,113
Industrial products	40,438	68,393	38,473	55,949
Management companies	20,622	33,398	16,312	33,727
Merchandising	22,315	39,688	18,711	45,943
Metals and minerals	29,502	41,653	27,771	45,329
Oil and gas	41,748	47,830	43,447	56,141
Paper and forest products	9,175	15,511	8,675	17,191
Pipelines	12,336	16,131	12,365	19,558
Transportation	12,279	14,188	11,762	16,883
Utilities	33,493	47,620	32,212	44,567
Preferred shares:				
Financial services	12,819	13,170	12,819	12,705
	332,714	493,839	312,188	493,162
Mid-term participating certificate	12,000	10,424	-	-
Short-term money market securities (c):				
Treasury bills:				
Government of Canada	-	-	10,657	10,657
Province of Alberta	-	-	4,888	4,888
Bankers' acceptances	-	-	11,824	11,824
	$344,714	$504,263	$339,557	$520,531

(a) The industrial classifications are those used by the Toronto Stock Exchange.

(b) At March 31, 1992 common shares with a market value of $2,456,000 (1991 $12,028,000) were loaned to certain borrowers. The loans were secured by Government of Canada securities with a total net realizable value of approximately $2,607,000 (1991 $13,170,000). During the term of the loans, the Fund retains the right to receive dividends on the securities loaned.

(c) The market value of short-term money market securities is estimated to approximate cost.

CAPITAL PROJECTS DIVISION INVESTMENTS - FINANCIAL ASSETS

SCHEDULE 5

March 31, 1992

Department/Project	1992	1991
	(thousands of dollars)	
Economic Development and Trade		
Venture Capital Financing -		
Vencap Equities Alberta Ltd. (a)	$199,992	$199,993

(a) The outstanding balance of the loan to Vencap Equities Alberta Ltd. (Vencap) is repayable in instalments of $1,000 in each of the years 1992 to 2002, inclusive, in instalments of $15,000,000 in each of the years 2003 to 2012, inclusive, and a final instalment of $49,981,000 in 2013. In the current year interest on the participating debenture securing the loan amounts to 50% (1991 50%) of the defined net income of Vencap. This percentage reduces as the loan is repaid and convertible debentures amounting to $34,491,000 (1991 $36,042,000), maturing July 2, 1998 and guaranteed by the Province, are converted or redeemed. For 20 years following full repayment of the loan, the Fund will receive 10% of the defined net income of Vencap.

As further consideration for the loan the Province has been granted an option to purchase up to 4,000,000 special shares at $1 each, exclusive to the Province, convertible into common shares of Vencap. The purchase option expires on the later of the repayment of the loan and the redemption or conversion of the convertible debentures, on which later date the 20% voting rights attaching to each and all of the special shares cease.

Capital Projects Division Investments - Deemed Assets

Schedule 6

March 31, 1992

Department/Project	1992	1991
	(thousands of dollars)	
Advanced Education		
Alberta Heritage Scholarship Fund	$ 100,000	$100,000
Clinical Research Building	17,632	17,632
Library Development	9,000	9,000
Agriculture		
Farming For The Future	62,722	58,054
Food Processing Development Centre	9,013	9,013
Irrigation Rehabilitation and Expansion	331,942	311,942
Private Irrigation Water Supply	816	446
Rail Hopper Cars	53,625	53,661
Education		
Alberta Heritage Learning Resources	9,222	9,222
Energy		
Alberta Oil Sands Technology and Research Authority	418,700	418,700
Renewable Energy Research	1,474	499
Environment		
Irrigation Headworks and Main Irrigation Systems Improvement	503,172	472,657
Land Reclamation	39,834	37,666
Lesser Slave Lake Outlet	2,889	2,889
Paddle River Basin Development	41,781	41,781
Executive Council		
Alberta Family Life and Substance Abuse Foundation	425	-
Occupational Health and Safety Research and Education	10,781	9,816
Forestry, Lands and Wildlife		
Alberta Reforestation Nursery	14,739	14,739
Grazing Reserves Enhancement	43,310	40,479
Maintaining Our Forests	24,960	24,960
Pine Ridge Reforestation Nursery Enhancement	7,725	1,373

Schedule 6 (continued)

Department/Project	1992	1991
	(thousands of dollars)	
Health		
Applied Cancer Research	$ 46,433	$ 43,983
Applied Heart Disease Research	29,341	29,341
Public Works, Supply and Services		
Alberta Children's Provincial General Hospital	40,477	40,477
Capital City Recreation Park	44,008	44,008
Fish Creek Provincial Park (Land)	27,107	27,107
Tom Baker Cancer Centre and Special Services Facility	93,204	93,204
Walter C. Mackenzie Health Sciences Centre	391,073	391,073
Technology, Research and Telecommunications		
Alberta Heritage Foundation for Medical Research Endowment Fund	300,000	300,000
Electronics Test Centre	6,175	6,175
Individual Line Service	221,127	217,842
Microchip Design and Fabrication Facilities	7,750	7,750
Tourism, Parks and Recreation		
Fish Creek Provincial Park (Development)	16,859	16,859
Kananaskis Country Recreation Development	224,728	224,728
Municipal Recreation/Tourism Areas	13,800	13,185
Urban Park Development	99,532	90,718
Transportation and Utilities		
Airport Terminal Buildings	16,359	16,359
	$3,281,735	$3,197,338

(a) Commitments for expenditure on capital projects aggregated approximately $20,997,000 at March 31, 1992 (1991 $23,991,000).

Claims and potential claims pending at March 31, 1992 in respect of various capital projects exceeded amounts expended by approximately $5,877,000 (1991 $6,512,000). The resulting loss, if any, from these claims and potential claims cannot be determined.

Members Of The Alberta Heritage Savings Trust Fund Investment Committee

The Honourable D. Getty
The Honourable D. Johnston
The Honourable J. Horsman
The Honourable A. Adair
The Honourable L. Fjordbotten
The Honourable P. Elzinga
The Honourable R. Orman
The Honourable E. Isley
The Honourable S. McClellan

The Honourable N. Betkowski
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The Honourable J. Gogo
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The Honourable R. Klein
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The Honourable D. Main

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